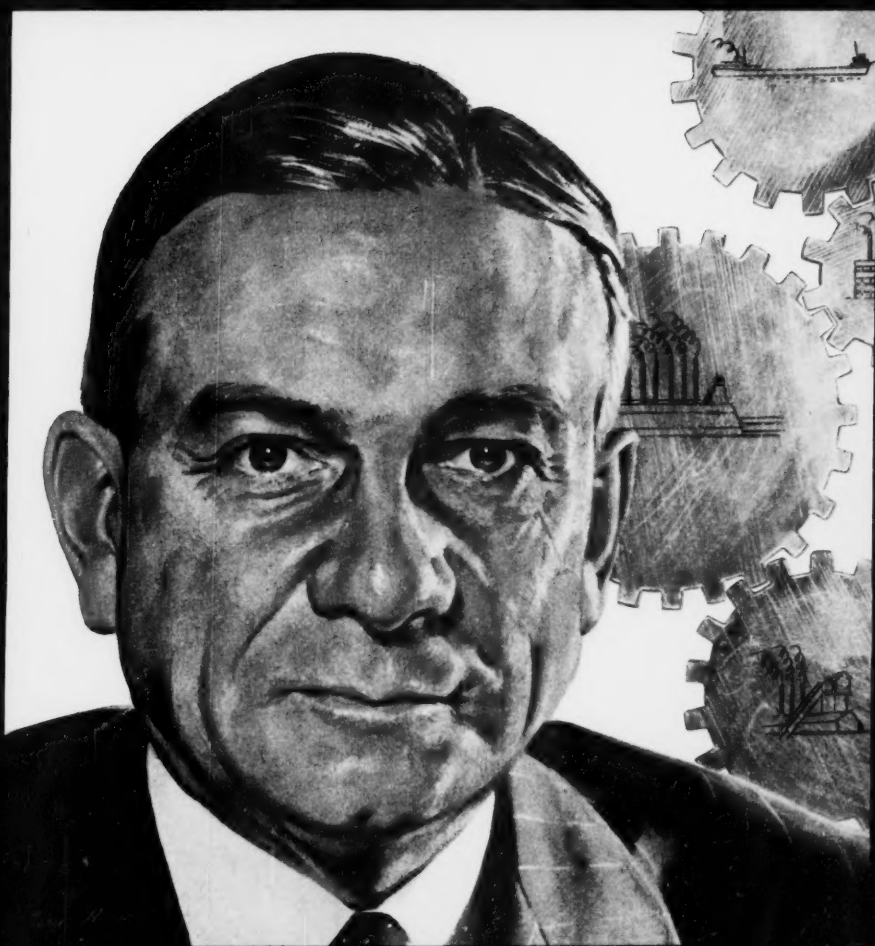
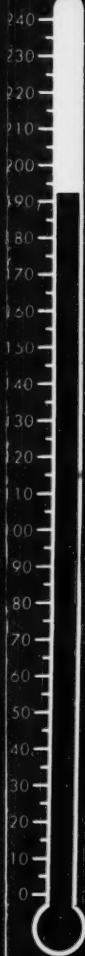


BUSINESS WEEK

MAY 7, 1949



Clarence B. Randall: New president for Inland, nation's seventh largest steel producer (page 6)



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A MCGRAW HILL PUBLICATION



Who gets the biggest profit from capital investment?

The machine I use cost \$11,000.

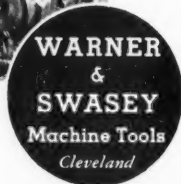
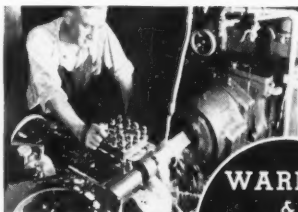
Somebody denied himself, and saved up, and bought it.

Without that machine I suppose I'd be getting \$1 a day like my grandfather did, working by hand as he did. I could only produce enough to be *worth* \$1 a day. Laws wouldn't help; nobody can *take in* more than he *puts out*.

But with that \$11,000 machine working for me, I get \$12 a day. I'm \$11 a day better off because of that machine.

So I figure the man who saved up and bought it for me to use is entitled to a little something, too. I understand they call that "profit on the investment". I just call it fair play.

They tell me the fellow who provides me with the \$11,000 machine averages only a fraction of what *I* make by *using* his machine. Whatever he makes, I think he's got it coming, and more. I hope he keeps on getting it, for I want him to *want* to save, and *keep* buying me machines. I don't want to go back to Grandpa's day. *I* think "the good old days" were terrible.



YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES, AUTOMATICS AND TAPPING MACHINES



When a hose blows — look out!

A typical example of B.F. Goodrich product improvement

WHEN hose bursts at a fire, firemen must stop to fight hose instead of fire. Fires that should be quick "outs" may become conflagrations. Life and property are endangered. All because a hose "blows."

Many blowouts used to be caused by cracks in the rubber near the end of the hose where it joins the coupling. With high pressure, couplings must be very tight. Sharp bends in the hose next to these tight couplings would gradually weaken the rubber.

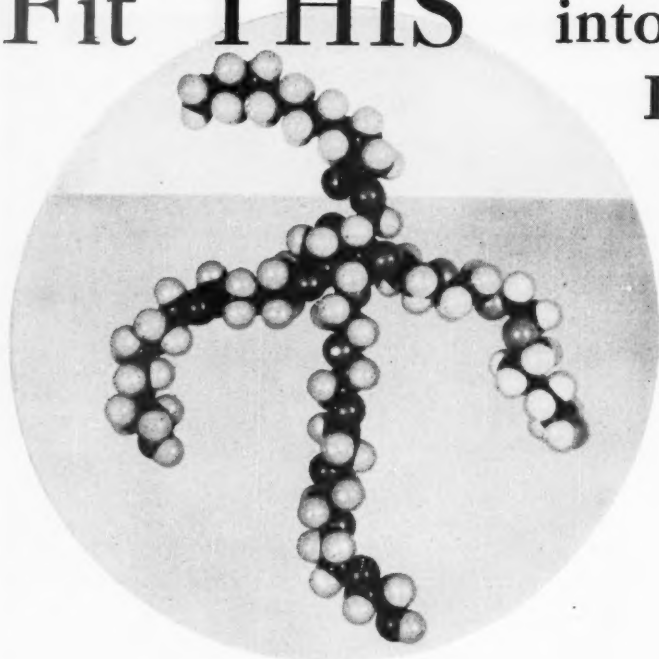
B.F. Goodrich engineers studied the problem and came up with the idea of adding a reinforcing layer of hard cotton cords buried in the rubber at each end of the hose. The extra cords protected the tube from splitting or cracking, and the extra thickness made a better seal between tube and coupling.

This BFG development (firemen call it "end protection") made fire hose safer and more effective. Today, firemen spend more time fighting fires, less time fighting hose.

The BFG policy of never being satisfied where improvement is possible — whether in fire hose or other products — makes this example of product improvement "typical." Because it is, you'll find it important, when buying rubber products for your business, to look into improvements BFG may have made in them lately. Ask your nearest distributor. *The B.F. Goodrich Company, Industrial and General Products Division, Akron, Ohio.*

B.F. Goodrich
RUBBER FOR INDUSTRY

Fit THIS into Your Prescription so Oil and Water Can Mix!



To the layman, it's a strange "what is it?" To the chemist, it's a molecular model of one emulsifier representing the affinity of part of the molecule for water and part for oil—the answer to making oil and water mix.

Hundreds of Atlas emulsifiers are available. One is just right for a particular "oil" in a particular product. Atlas technicians have devised a new *system* for choosing emulsifiers that eliminates many tedious experiments and samplings. This revolutionary system makes use of numbers representing the proper balance in oil and water mixtures—Hydrophile-Lipophile Balance, the chemist calls it. The HLB System is one example of how Atlas service helps the customer improve production efficiency and product quality.

Atlas makes many different products for many different industries. All have one basic ingredient in common—SERVICE. Atlas sales personnel are especially selected and trained, many as chemists or chemical, mechanical, mining, civil engineers. Because no Atlas product is complete without SERVICE, there is the closest cooperation between the Atlas sales staff and the technical staffs of Atlas customers.

We are organized to render sales service in the most complete sense to each of the dozens of industries we serve. If yours is one of these, our extensive research and engineering sales services are at your call.



ATLAS

POWDER COMPANY
WILMINGTON 99, DELAWARE
Offices in Principal Cities

Industrial Explosives • Industrial Finishes • Laundry Covers • Acids
Activated Carbons • Hexahydric Alcohols • Surface Active Agents

Willys-Overland Engineers Trucks to CUT HAULING COSTS!

If low cost per mile and per year is your guide in truck buying, look to the company that specializes in economy—Willys-Overland.

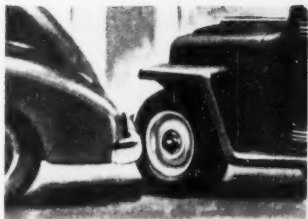
Every part of these long-lived 'Jeep' Trucks was engineered to save you money on operation and maintenance. Functional bodies eliminate every pound of unnecessary weight. Their 'Jeep' Truck Engines are world-famous for long mileage and low-cost repairs.

At Willys-Overland dealers, see our two lines on 118-in. wheelbase—the 2-wheel-drive (4700-5300 lbs. GVW)—the 4-wheel-drive (5300 lbs. GVW)—and the 104-in.-wheelbase 'Jeep' Panel Delivery (4000 lbs. GVW).



'Jeep' TRUCKS

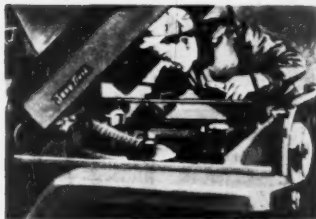
SAVE MONEY ON OPERATING
AND MAINTENANCE COSTS



FUNCTIONAL FENDERS, with no deep skirt to invite dents, make sense on trucks. High clearance makes it easy to change tires or put on chains.



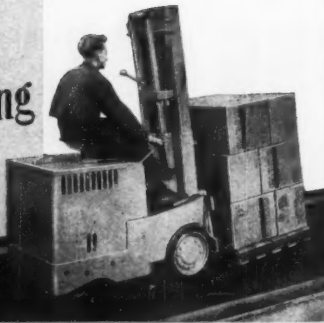
CAB FEATURES — Wide-vision windshield and windows . . . wind wings . . . arm rests . . . easy-posture seats . . . extra headroom . . . stand-open doors . . . button latches.



ON THE ROAD or in the shop, the wide-opening hood and narrow fenders of 'Jeep' Trucks give easy accessibility to every part of the power plant.

WILLYS-OVERLAND MOTORS • TOLEDO 1, OHIO • MAKERS OF AMERICA'S MOST USEFUL VEHICLES

UP goes
material-handling
efficiency



when you use **Battery Industrial Trucks**

Greater efficiency in material handling means greater earning power in any plant. Start paring unnecessary moves for production hands or warehouse men and you not only reduce handling cost per unit, but make way for volume never before possible.

Battery industrial trucks are the dependable, economic means of obtaining such efficiency. They can perform their strenuous tasks 24 hours a day every day if required, and their power characteristics are outstanding: instant starting; quiet operation; no fumes; no power used during stops. Driven by electric motors, they have a minimum of wearing parts and are inherently trouble-free.

Keeping these hard-working trucks on the job calls for EDISON Nickel-Iron-Alkaline Batteries. Built of rugged steel, yet precise as a watch, they are recognized for dependability, long life and trouble-free operation. Specify EDISON and you specify maximum reliability—enduring quality.

ADVANTAGES OF EDISON NICKEL-IRON-ALKALINE BATTERIES:

Durable mechanically; foolproof electrically; easy to maintain; not temperature-sensitive; can stand idle without injury.



EDISON
Nickel • Iron • Alkaline
STORAGE BATTERIES



EDISON STORAGE BATTERY DIVISION
of Thomas A. Edison, Inc., West Orange, N. J.

In Canada: International Equipment Co., Ltd., Montreal and Toronto

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BUSINESS WEEK • May 7, 1949

THE CASE OF THE SUSPICIOUS BUSINESSMAN!

by Mr. Friendly



He thought his employees odd types

But didn't want to ask

The office boy why he wore stripes

Or sometimes wore a mask!

He said, "They're honest lads, I know

And I'm a trusting Boss

But what if they should swipe my dough

And cause a frightful loss?"

Said Mr. Friendly, "Honesty... is the *best* policy... But

American Mutual's Comprehensive Crime Policy gives

you complete protection against burglary, robbery,

theft, forgery and employee dishonesty... with a

chance to save 20% through dividends!"

The man signed up and worried no more

... And, although from time to time

He wondered about the corpse on the floor,

He knew he was safe from crime!

AMERICAN MUTUAL

... the first American liability insurance company

© 1949, AMERICAN MUTUAL LIABILITY INSURANCE COMPANY



With crime on the increase, it will pay you to look into our special Comprehensive Crime Policy*... one of the broadest policies ever issued. Send today for free booklet, "Modernizing Your Crime Loss Insurance Protection." American Mutual Liability Insurance Co., Dept. B-60, 142 Berkeley St., Boston 16, Mass. Branch offices in principal cities. Consult classified telephone directory.

*In New York, Louisiana and Texas coverage is limited to the standard Comprehensive Dishonesty, Disappearance and Destruction Policy.



Paging a person in Paris...

There's a lot of satisfaction in talking over business matters with customers and prospects overseas. They're easy to reach by telephone. One call can frequently settle all questions and details . . . speed up closing the deal.

If you have friends or relatives living or traveling abroad, the telephone can keep you in personal touch with them regularly.

You can call nearly all the countries in the world today. Just say to your Long Distance operator, "I want to make an overseas call."

is easier to do by telephone!



BELL SYSTEM OVERSEAS TELEPHONE SERVICE



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THE COVER

Clarence Belden Randall last week was elected president of Inland Steel Co., the nation's seventh-largest steel producer last year. (It's eighth in size, as measured by capacity on Jan. 1, 1949.)

• **Preparation**—He has spent the past six months warming up for the job. In October, 1948, he was relieved of his duties as vice-president, given the title of assistant to the president. Purpose: to give him "free time." He spent that time familiarizing himself with all the varied operations of an integrated steel company. He scheduled visits to two departments each week. He talked with operating executives and foremen, sales people and steel-mill workers.

Randall emerged from this intensive schooling with one conviction: "The thing is so complex that no one man can possibly embrace it all." That very knowledge should help him in charting the course of a company whose sales in 1949's first quarter were \$101.4-million, up 12.1% from the first quarter of 1948; a company whose steel output last year topped 34-million tons.

Randall succeeds Wilfred Sykes, Inland's president since 1941. Sykes, who reached the retirement age, 65, last December, is continuing as chairman of Inland's executive committee.

• **Personal Background**—Randall was born in Newark Valley, N. Y., in 1891. He received his A. B. from Harvard in 1912, his LL.B. in 1915. He practiced law for 10 years, with time out for Army service in World War I. In 1925 he became assistant vice-president of Inland. His assignment: build up the company's raw-materials department. Five years later he was made vice-president in charge of raw materials. He has been a director since 1935.

Always interested in education, he served six years as president of the board of education in Winnetka, Ill. (his home); he has been a trustee of the University of Chicago since 1936, of Wellesley College since 1946, and an overseer of Harvard since 1947.

—Cover painting by Tran Mawiche

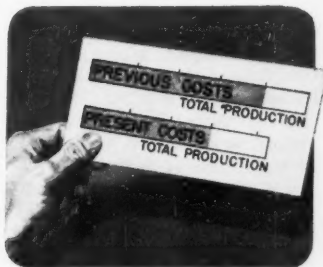
BUSINESS WEEK • May 7, 1949

"so your

BREAK-EVEN POINT

is going up ...

Here's how WE keep our
production costs DOWN!



"THIS SIMPLIFIED PICTURE shows how we stand as against last year. Our output is running about the same but we've cut our costs and substantially *increased* our margin of profit! Competitors might well envy our new, lower break-even point.



"THE SECRET IS SYNCHRONIZATION Our plant is really humming. No waste of machine time or labor; no waiting for parts—they're always at hand when needed. The reason? *Synchronized Materials and Production Control!*

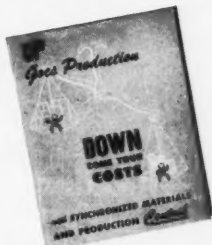


"HEART OF THE SYSTEM is Kardex Visible—a centralized record that charts and coordinates our inventories of materials with present and future production requirements. Tells us—at a glance—what, when and how much to order.



"NEW, EASIER, GRAPHIC CONTROL! Here's Sched-U-Graph—Kardex in wall size. We use it to chart our machine loading and scheduling *visually* to save time, prevent errors, cut down paperwork. Like the rest of our synchronized system it pays handsome dividends through greater daily output per man and machine!"

FREE—FOLDER TELLING
16 WAYS to speed production and cut costs



Yours for the asking—a condensed description of Synchronized Materials and Production Control based on years of experience in designing and installing tailored-to-fit systems in hundreds of different plants. Phone our nearest office for your copy of Folder KD 367 or write on your business letterhead to Systems Division, Room 1102, 315 Fourth Avenue, New York 10, N. Y.

Remington Rand

Copyright 1949 by Remington Rand Inc. **THE FIRST NAME IN BUSINESS SYSTEMS**



Mass Production?

AMERICAN-STANDARD knows the techniques of mass production. Yet it takes at least 10 full days in our vitreous china plants to turn raw clay into finished American-Standard Plumbing Fixtures.

Why? Because assembly line methods cannot *always* replace the artist. Because we believe that the careful shaping and sculpturing of clay that our master craftsmen do by hand can never be done as well by machine.

So our vitreous china production displays a judicious mixture of modern mechanical methods and age-old hand-skills—a technique that has evolved as the result of our determination to make products of the very finest quality we can.

This insistence on quality embraces *all* our products . . . whether heating equipment or plumbing fixtures. It has had a lot to do, we think, with making American-Standard "First in Heating . . . First in Plumbing."

American Radiator & Standard Sanitary Corp.
General Offices: Pittsburgh, Pennsylvania

AMERICAN-Standard
First in heating . . . first in plumbing



Look for this Mark of Merit

Serving home and industry: AMERICAN-STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • KEWANEE BOILER • ROSS HEATER • TONAWANDA IRON

BUSINESS OUTLOOK

BUSINESS WEEK

MAY 7, 1949



Jobs are harder to get, so fewer people are looking for them.

This paradox is the inescapable conclusion to be drawn from the latest Census Bureau report on the labor force.

People at work or looking for work in April totaled almost exactly the same as a month earlier. In 1948, the figure rose approximately 750,000 from March to April.

Unemployment isn't rising, because marginal workers aren't seeking jobs. This may signal a "return to normalcy" in the labor force.

Unemployment showed a small decline from February to March. It also was reduced slightly between March and April.

The result is that unemployment is down to almost exactly 3-million.

Yet this conceals the real danger signal: Total nonfarm employment is nearly 900,000 lower than it was a year ago; total civilian employment including farm workers, is 500,000 below last year.

This means a substantial shrinkage in wage and salary incomes.

Total employment rose in April, as expected (BW-Apr. 16'49, p19).

The rise, however, was only 172,000. This the Census Bureau describes as "somewhat below seasonal expectations."

Viewed realistically, it is much less than the pickup most analysts had felt would be necessary to stem the downtrend in business.

This helps account for lagging retail sales since Easter.

Business activity shows much the same trend as employment.

The totals still are very high. Yet they have been barely holding their own or declining ever since last autumn.

Thus, the Federal Reserve Board's index of industrial production in March slid to 184 (against the peak of 195 in October and November, 1948).

Everybody expected the March decline. It could be accounted for almost entirely by John L. Lewis and his coal mine "holiday."

But the Reserve Board says a further decline probably will be recorded when its April index number is compiled. Easing in steel is a factor.

Heavy industry probably will have to turn up before business activity can stage much of a comeback.

The steel boom largely concealed weakness in other directions. Machinery output is down 11% in a year and 13% below its postwar peak. Even auto output, at the moment, is beset by strikes.

This dip in business took its own good time in starting and it's taking its time in developing.

That aspect is noted by Merle Hostetler, research-department manager for the Federal Reserve Bank of Cleveland, who points out: "The sense of urgency, which in epidemic form precipitated quick downward movements in the past, is still conspicuously absent.

"Industrial activity has been easing off for about six months, but production and employment are still within a stone's throw of the peak; major business setbacks in the past were showing unmistakable signs of acceleration at the age of six months, if not sooner."

Caution about inventories is robbing business of a good bit of its custom-

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
MAY 7, 1949

ary spring bounce. Yet this widespread caution, so long in evidence, probably is the strongest element in the present business situation.

It holds things back now, because nobody wants to place new orders.

However, there are as yet no signs of inventory distress. In fact, business has been liquidating inventory for some weeks.

The first decline since early 1946 came in March. During that month, manufacturers' inventories went down by about \$300-million. The April decline in all probability was considerably steeper.

When this living on inventory ends—and that may be some time from now—business will begin deriving new vigor from reorders.

Copper markets this week began to take on some semblance of reality when Phelps Dodge deserted the old 23½¢-a-lb. quotation.

However, other leading domestic producers stuck stubbornly to the old price for a bit longer. And Phelps Dodge didn't meet the market; it cut only to 20¢, whereas the only metal moving was going at 18½¢.

Any reduction in price apparently is enough to pare domestic copper output. Calumet & Helcla, a high-cost producer, is closing. Another high-cost operator, Copper Range, is debating a shutdown.

Reduced prices also are closing some marginal lead and zinc producers.

Steel companies aren't planning any cuts in base prices, at least until after wages are settled (BW-Apr.30'49,p25). Yet shading of premiums and extras is resulting in measurably lower costs to users.

The magazine Steel's composite for semifinished steel has declined to \$66.72 from \$69.02 a ton. (A year ago, this average was \$68.72.)

Postwar seasonal patterns in the rubber industry are working exactly according to the old rules.

Consumption of new rubber in March was 92,265 tons. That was up from 80,896 in February and the highest since last August. In addition, it almost exactly matched March of last year.

Thus, the winter slump has given way to the usual spring upturn.

In the winter of 1947-48, declining demand for tires scared the industry half to death—until old timers thought back to prewar patterns. This time, the winter slack has been taken strictly in stride.

Industrial marketing increasingly finds the supplier guaranteeing the user against price changes in greater or lesser degree.

This week, Esso Standard Oil reintroduced a prewar guarantee. This Standard Oil Co. (N.J.) unit notified customers that heavy fuel oil will not be boosted more than 40¢ a bbl. in 1949 and not more than an additional 15¢ in 1950.

Guarantees against price changes are spreading in the textile trade.

Whatever business is being written in major nonferrous metals is booked on one or another type of price-date-of-delivery contract.

You may be wondering how everyone can get plenty of gasoline with crude-oil output cut so sharply below a year ago.

It's the refinery product mix. Oil & Gas Journal points out that refinery runs are down 3% from a year ago. But more gasoline is being extracted from each barrel. Thus, gasoline runs are up 8%, kerosene down 18%.

Gasoline also is being withdrawn from the ample storage stocks.



NEW DUAL-PURPOSE PETROLEUM PRODUCT

Sun Engineers Develop Combination Hydraulic Fluid and Way Lubricant for New Type Machine Tool

Machine tool builders tossed a big problem into the lap of the petroleum industry: Development of an oil to serve both as way lubricant and as hydraulic fluid. Such a product would assure the complete success of their new, simplified machine tools in which the ways are lubricated by oil force-fed from the hydraulic system.

Sun was selected to help solve this problem because of its repu-

tation for the development of new products and because of the widespread acceptance of Sun way lubricants throughout the metal-working industry.

Sun engineers, in collaboration with the machine tool builders, promptly went to work to find the solution. The resultant product, after being rigorously tested in the laboratory and "Job Proved" under actual working conditions, is

now being introduced to the metal-working industry as "Lubeway."^{*}

Development of Lubeway is typical of how Sun Engineers help solve special problems in combustion, lubrication, processing or metalworking. If you are facing an unusual situation involving petroleum products, our engineers are at your service. No obligation, of course. Just call or write your nearest Sun Office.

^{*}Lubeway is a trade-mark of Sun Oil Company

SUN OIL COMPANY • Philadelphia 3, Pa.

In Canada: Sun Oil Company, Ltd.
Toronto and Montreal

SUN PETROLEUM PRODUCTS

"JOB PROVED" IN EVERY INDUSTRY



What...why...who...where!

Watch that last step!

When your ad makes your prospect want your product, isn't it a good idea to tell him **WHERE** to buy it?

That's where Trade Mark Service comes in. That means your trade-mark or brand name is displayed in the 'yellow pages' of the telephone directory *over a list of your local dealers*. You can have this service across the nation . . . or in specific localities.

Then your advertising can carry a statement like this:

"You'll find our dealers listed in the 'yellow pages' of your telephone directory."

Certainly your dealers will appreciate this sales help. It can mean more sales for them... and, naturally, for you.



AMERICA'S BUYING GUIDE
FOR OVER 60 YEARS



FOR FURTHER INFORMATION, CALL YOUR LOCAL TELEPHONE BUSINESS OFFICE OR SEE THE LATEST ISSUE OF STANDARD RATE AND DATA.



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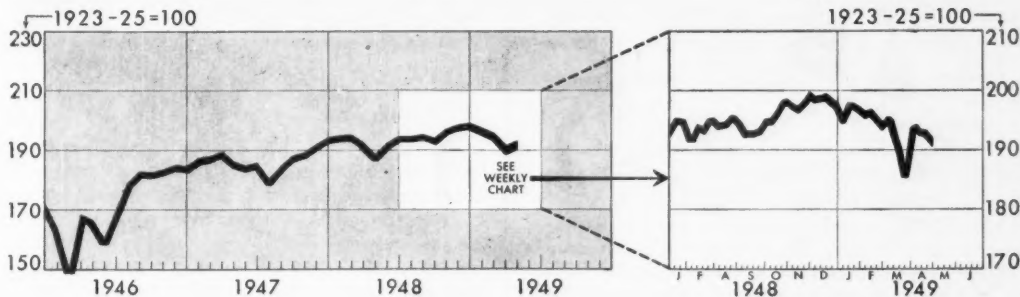
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5-7-49

FIGURES OF THE WEEK



Business Week Index (above) *191.6 †192.8 193.8 193.4 162.2

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	97.3	97.5	98.8	91.0	97.3
Production of automobiles and trucks.....	133,714	†141,227	119,088	102,967	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$22,530	\$24,571	\$25,776	\$24,079	\$19,433
Electric power output (million kilowatt-hours).....	5,304	5,326	5,378	5,042	3,130
Crude oil (daily average, 1,000 bbls.).....	4,922	4,916	5,072	5,413	3,842
Bituminous coal (daily average, 1,000 tons).....	1,893	1,908	403	1,952	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	73	74	74	81	86
All other carloadings (daily average, 1,000 cars).....	56	54	26	61	52
Money in circulation (millions).....	\$27,356	\$27,408	\$27,403	\$27,682	\$9,613
Department store sales (change from same week of preceding year).....	-10%	+7%	-16%	+11%	+17%
Business failures (Dun & Bradstreet, number).....	204	198	216	106	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39=100), March.....	169.5		169.0	166.9	105.2
Spot commodity index (Moody's, Dec. 31, 1931=100).....	343.2	345.8	362.7	415.8	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	231.8	232.5	247.5	274.3	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	286.0	286.3	290.1	371.5	146.6
Finished steel composite (Steel, ton).....	\$94.45	\$94.45	\$96.68	\$81.14	\$56.73
Scrap steel composite (Iron Age, ton).....	\$23.08	\$22.92	\$26.17	\$40.42	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	19.100¢	20.000¢	22.950¢	21.500¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.25	\$2.25	\$2.25	\$2.39	\$0.99
Sugar (raw, delivered New York, lb.).....	5.75¢	†5.63¢	5.59¢	5.20¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	32.86¢	33.19¢	32.73¢	37.37¢	13.94¢
Wool tops (New York, lb.).....	\$1.538	\$1.554	\$1.476	\$1.833	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	18.45¢	18.40¢	18.80¢	23.43¢	22.16¢

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
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14-14%	14-14%	14-14%	14%	1.00%
14-14%	14-14%	14-14%	14%	4-1%

46,175	†45,757	44,909	46,671	††27,777
61,315	†61,267	61,171	62,940	††32,309
14,162	†14,304	14,904	14,159	††6,963
1,945	1,987	2,186	1,558	††1,038
32,951	†32,765	31,750	35,475	††15,999
4,354	†4,358	4,387	4,305	††4,303
480	880	430	879	5,290
21,705	22,050	22,378	20,952	2,265

††Date for "Latest Week" on each series on request.
d.12/47,p16)

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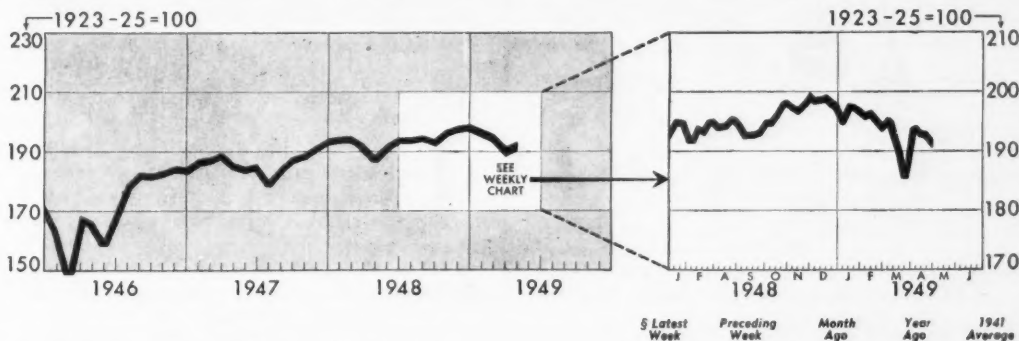
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FIGURES OF THE WEEK



Business Week Index (above) *191.6 †192.8 193.8 193.4 162.2

PRODUCTION

Steel ingot operations (% of capacity).....	97.3	97.5	98.8	91.0	97.3
Production of automobiles and trucks.....	133,714	†141,227	119,088	102,967	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)...	\$22,530	\$24,571	\$25,776	\$24,079	\$19,433
Electric power output (million kilowatt-hours).....	5,304	5,326	5,378	5,042	3,130
Crude oil (daily average, 1,000 bbls.).....	4,922	4,916	5,072	5,413	3,842
Bituminous coal (daily average, 1,000 tons).....	1,893	1,908	403	1,952	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	73	74	74	81	86
All other carloadings (daily average, 1,000 cars).....	56	54	26	61	52
Money in circulation (millions).....	\$27,356	\$27,408	\$27,403	\$27,682	\$9,613
Department store sales (change from same week of preceding year).....	-10%	+7%	-16%	+11%	+17%
Business failures (Dun & Bradstreet, number).....	204	198	216	106	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), March.....	169.5	169.0	166.9	105.2
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Rubber (ribbed smoked sheets, New York, lb.).....	18.45e	18.40e	18.80e	23.43e

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	117.5	117.0	118.9	123.3
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.45%	3.45%	3.46%	3.43%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.70%	2.70%	2.70%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14%	14-14%	14-14%	14%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	14-14%	14-14%	14-14%	14%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	46,175	†45,757	44,909	46,671
Total loans and investments, reporting member banks.....	61,315	†61,267	61,171	62,940
Commercial and agricultural loans, reporting member banks.....	14,162	†14,304	14,904	14,159
Securities loans, reporting member banks.....	1,945	1,987	2,186	1,558
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	32,951	†32,765	31,750	35,475
Other securities held, reporting member banks.....	4,354	†4,358	4,387	4,305
Excess reserves, all member banks.....	480	880	430	879
Total federal reserve credit outstanding.....	21,705	22,050	22,378	20,952

*Preliminary, week ended April 30th.

†Revised.

‡Estimate (BW—Jul. 12 '47, p16)

\$Date for "Latest Week" on each series on request.



1. Versatile Vin, ventriloquist, was sprightly, sly, and cheery. His dummy, known as "Gloomy Gus," was woeful, wan, and weary. "Cheer up!" cried Vin. "In Pittsburgh, we stay where staying's best: At Statler's Hotel William Penn, you really *are* a guest!"



2. "To say that Statler food is GREAT," cried Vin, "is no distortion. It's cooked by extra skillful chefs, and served in generous portion. Delicious Statler meals, my lad, will surely please your tummy." "You talk," said Gloomy Gus, "I eat, so which one is a dummy?"



3. "To brighten up your gloom," said Vin, "just try the Statler tub. Relax in floods of water hot—use *lots* of soap to scrub, and note the stacks of snowy towels, so white there's nothing whiter." "At least," admitted Gloomy Gus, "it's got me *looking* brighter!"



4. "You'll love the Statler bed," said Vin, "you gloomy piece of lumber. Eight hundred built-in springs and more bring super-restful slumber. There'll be no need, my wooden friend, to count your wooden sheep." But "Gloomy" didn't answer, he was smiling in his sleep!



5. Next morning they departed. Happy Vin and Grinning Gus. "We love the William Penn," they sang, "it really pleases us. Your heart-of-town location, too, we think is mighty swell. In Pittsburgh, you're no 'dummy' when you stay at *this* hotel!"



STATLER HOTELS: NEW YORK (FORMERLY HOTEL PENNSYLVANIA)
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WASHINGTON OUTLOOK



A NEW SPENCE BILL for government-prodded plant expansion is being written.

First of all, Truman's planners are stripping out of the bill the anti-inflation controls—price ceilings, materials allocation.

But the revolutionary core of the scheme remains: government loans to business for government-planned expansion of capacity—or outright government plant construction where business doesn't go along.

Even on this point, the bill drafters are toning down the threat of government-in-business, trying to sweeten the terms as a come-on for private industry.

The new plant-expansion legislation has no better chance for action in Congress this year than the original Spence bill.

That means no chance at all.

Still, the very fact that the legislation is being recast is revealing. It's concrete evidence that Truman's planners have stopped tilting at inflation, started worrying about deflation.

And, too, it comes on top of other signs around town. Economic Council members Keyserling and Clark are talking bearish these days; that's a flip-flop for them. Last week Federal Reserve lowered bank-reserve requirements. The week before, it eased instalment-credit restrictions a second time within a month.

So, next, you will see the altered Spence bill, with this spin on it: It's just as important for government to create new jobs in times when employment is slackening as it is to create new capacity when goods are scarce.

As we said, the new Spence bill won't be voted this year. But it will still be around next year, or until it does get a hearing. Ideas just don't die in Washington.

IT'S UP TO THE SENATE alone now to write the new labor law.

The House of Representatives tried its hand at fashioning a successor to Taft-Hartley—and it failed. It won't try again now until after the Senate acts.

Tangent political pressures so influenced the House actions that congressmen never really got down to voting on the labor-management principles in dispute.

The House marched up the hill and down again to climax a week's work. It adopted on Tues-

day G.O.P.-Dixiecrat Coalition's Wood bill, then voted on Wednesday to kill it.

You can credit the House with something.

Its exhibition served to eliminate some differences among all sides—national emergency injunctions, for instance, are now in everybody's bill.

It served to narrow the area of difference on other issues between Truman and labor people, on the one hand, and the G.O.P.-Dixiecrat team, on the other. Example: The closed shop is no longer a black-and-white issue of legal or illegal; the issue is rather whether you go back to the Wagner act or stop short by allowing preferential hiring halls.

So, when the Senate goes to work on a labor bill in about three weeks, the real fight will be within these boundaries.

The substitute introduced in the House on Tuesday by Truman-man Sims spells out how far the Administration forces have yielded. The softened Wood bill the House chose instead, on Tuesday, spells out how far the Coalition has given in.

Taft has a batch of amendments for the Senate debate which largely follow the Wood bill. Where these differ, the difference leans toward what labor wants.

Truman himself is most to blame for the fact that the House majority flubbed on the labor law.

Speaker Rayburn had the votes lined up to out-fox the Coalition—until Truman horned in with his off-the-cuff crack that how you vote on Taft-Hartley is a test for patronage. Rayburn's sales talk: Tack amendments onto the Lesinski bill if you must, but don't let a Republican labor bill go to the Senate.

Truman squeaked by this one in the end. But he is still in a pickle. The new New Deal has lost its momentum; the fact is that the Coalition is now strong enough to trim where it chooses.

SENATE ECONOMIZERS are trying to chip 5% off all money bills to avoid higher taxes or a budget deficit.

Their goal: a cut of at least \$1.5-billion.

That's not enough. Federal spending for fiscal '50 is already that much out of balance, based on revenue estimates of last January.

And already those estimates look high—by \$1-billion anyway, and probably more.

The fact is that federal revenues are falling

WASHINGTON OUTLOOK (Continued)

behind expectations right now, so that people who a month ago were confident of a fiscal '49 surplus now wonder whether the books will show some red ink on June 30.

THE NEW ATOM LABOR PANEL'S main job is to keep industrial peace at government-owned plants. But chairman Will Davis' plan also provides for this: Intervention, as a last resort, to keep production from stopping at any private plant supplying the atom plants—when a stoppage would harm atomic operations.

ARMS AID in the first year of the Atlantic Pact can now be reckoned in specific dollar terms—in impact on the economy and on federal spending.

Only the first-year cost has been figured. How much it will be in later years hinges on: (1) the state of East-West tension; (2) how much Europe can do for herself; and (3) how much armament production the U. S. economy can stand.

You have seen a lot of different figures about this program. Here is what Truman has settled on, and what it means:

Total money Truman wants Congress to vote for arms aid in fiscal 1950 is \$1.3-billion. (The \$1.45-billion figure you often see includes economic aid to Korea.)

Of the \$1.3-billion, \$450-million is already in Truman's January budget. That's money for Greece and Turkey and for arms shipments outside the Atlantic Pact, mostly to Latin America. So—

New money for Atlantic Pact arms is \$850-million, or a shade more.

And that's the amount of additional war materiel to be produced—new business resulting from the pact.

The impact on federal spending, however, will be only \$600-million to \$700-million in fiscal 1950. The rest will be paid out later.

Dollars are not the only yardstick for the volume of arms aid Truman plans to put into the Atlantic Pact pool.

The dollars will pay for arms from two or three sources to be tapped—(1) new stuff made to European order, and (2) replacements for existing munitions borrowed from U. S. strategic reserves.

Additionally, the program calls for shipping arms now in stock here—arms which the military labels excess. These are World War II leftovers, already paid for.

How much leftover excess will be sent to

Europe isn't yet known. In original-cost terms, however, it is likely to be a lot.

Truman's arms-aid program rejects the economic argument advanced by his chief economist, Dr. Nourse. It was Nourse who suggested that Atlantic Pact aid be paid for by cutting ECA or national-defense outlays—or both.

Congress is talking of cutting ECA—perhaps by \$500-million. But this is based on the expectation that prices will fall, and it may have to be made up by supplemental funds next winter.

And there is no real prospect that military funds will be cut below Truman's request. The House actually increased the amount.

MORE NAVY RESIGNATIONS will follow Secretary Sullivan's walkout over the manner in which the Navy's supercarrier was canceled.

Under Secretary W. John Kenney is due to quit. Some top uniformed brass is shopping for Mufti jobs. Adm. Denfeld, however, retires next fall and will stick it out until then.

Also, despite reassurances from Truman and Johnson, Marine airmen aren't sure they won't be "unified" next. Johnson himself started the story.

Johnson, too, started the story that Jonathan Daniels won't succeed Sullivan. Truman has offered Daniels the job.

POLITICAL DOPE FROM OHIO is that Gov. Frank Lausche will not run against Taft for the Senate next year. Instead, Lausche will seek a third term as governor.

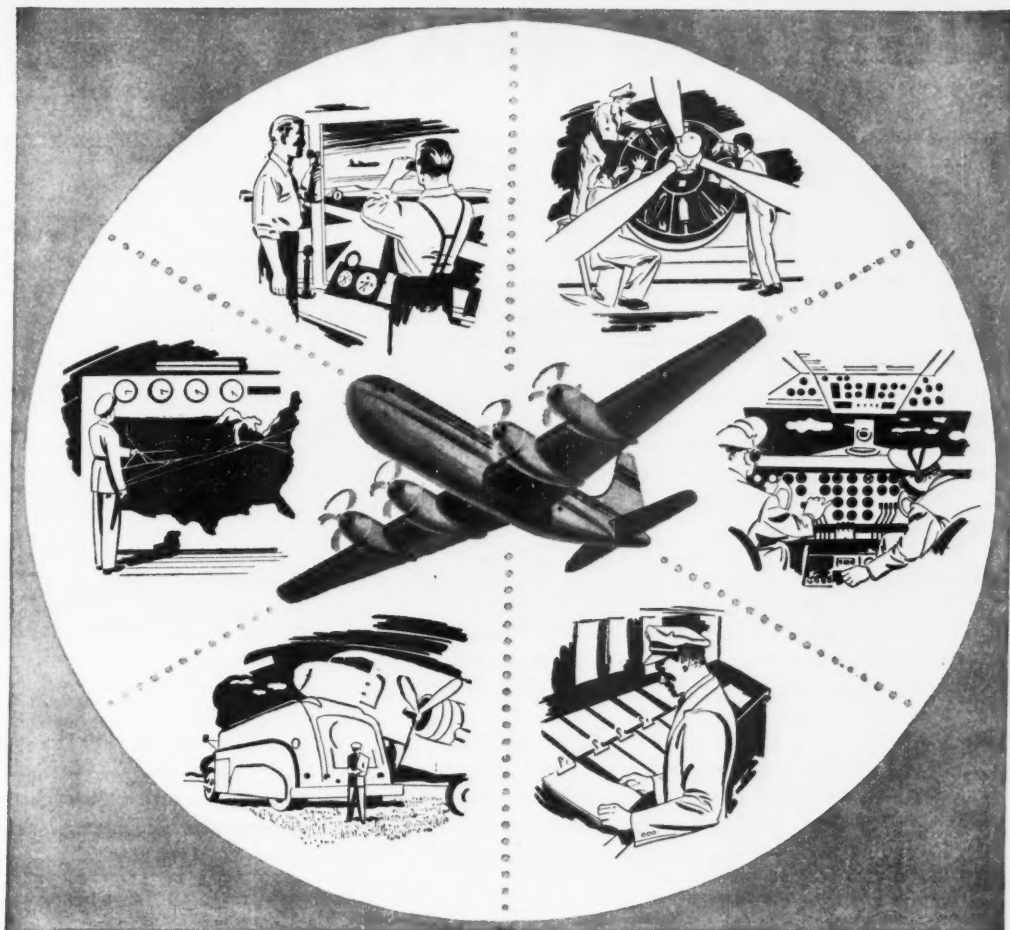
Lausche himself isn't saying—this far in advance of balloting—what his plans are. But Ohio Democratic congressmen think he has all but told them his decision, by the way he talks about his job.

And they point out: Being governor is a better spot for attracting national attention in 1952 than being junior senator in Bricker's shadow.

Lausche, running for governor, may not be completely out of Taft's hair, however. In Ohio, the governor is first on the ballot; senators are buried in sixth slot. So Lausche's name would be up front to catch the eye of straight-ticket voters.

In Colorado the picture is different.

There, Gov. Knous is acting as if he planned to run against Sen. Millikin. Next to Taft, Millikin is the most influential Republican who must stand for re-election in 1950.



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fog problems and which now operates through the Gyropilot to bring sky giants safely down to the runway...the Engine Analyzer which detects engine irregularities before they can become serious.

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LIGHTING NEWS



Worker morale materially improved in recent relighting of printing plant, states Willard A. Anderson, Mechanical Superintendent, Government Printing Office. Safer working conditions, cleaner machinery and better employee morale were among results noted after room surfaces and machines were lightened, modern fluorescent lighting installed. More data on federal lighting program in free pamphlet, "Relighting Government Buildings." Write to General Electric, Div. 166-BW-5, Nela Park, Cleveland 12, Ohio.

"Housewife-proof" lamp goes on market. A new 10-watt pilot lamp for ranges, radios, freezers, just announced by General Electric, is designed to withstand the worst punishment a housewife can give it. The new lamp should last at least five years under normal usage.

Making yellow look black. A better way to check color for printed reproduction has recently been developed by G-E engineers for a large printing plant. Using colored fluorescent lamps to make color appear in tones of grey instead of red, blue, yellow, makes checking color proofs easier, more positive--particularly under night-time lighting. This special lighting application is typical of General Electric's free engineering service.

New desk top improves seeing comfort in offices, drafting rooms, etc. A leading linoleum manufacturer now offers a light-colored, desk-grade linoleum with a 30-35% reflectance range. "By reducing contrast between working surface and surroundings, it increases seeing comfort, lessens eye fatigue," say General Electric lighting engineers who worked on the project with linoleum manufacturers.

All-weather commercial flying is due to get a boost when "slope-line" landing systems are installed at 180 large airports. The new system, developed by the CAA, uses converging rows of special new G-E sealed-beam type lamps on runway approaches. They appear as a continuous pair of lines when the pilot is on his course, as a series of short dashes when he's not. Resembling a standard auto headlamp in size and shape, each lamp throws a beam with a peak intensity of 80,000 candlepower.

38 years underground, bulbs still light. A power company excavating crew in Coeur D'Alene, Idaho, recently unearthed several G-E lamp bulbs that had been buried 10 feet underground 38 years ago. The company found they still lit. General Electric identified the lamps as a type produced by G. E. in 1905.

For complete information on lighting and lamps, see your local General Electric lamp supplier.

You can put your confidence in—

GENERAL  ELECTRIC



SOARING OUTPUT, typified by these ranks of new cars on the drive-away lot at Chevrolet's Flint (Mich.) assembly plant, doesn't stop auto men from worrying over . . .

How Long Will Car Boom Last?

Despite good first-quarter sales, auto industry is jittery about the end of the year. Makers go easy on raw-material orders, cut parts inventories. Biggest worry: effect of high prices on demand.

Auto production—and sales—are running at near-record levels. Yet executives of the big producers aren't entirely happy. Their worry: "Will the customers love us in December as they do in May?"

• **Two Views**—For the record, all companies are talking about today's boom business and tomorrow's fat prospects. Behind the scenes, though, they are wondering what the third and fourth quarters of this year will bring. You can see this attitude in all of their forward planning:

IN PURCHASING DEPARTMENTS: They are shortening their commitments. Even orders for steel—hardest-to-get raw material—are being held within limits.

IN PRODUCTION DEPARTMENTS: They are reducing their inventories. Last fall they were ordering steadily and generously from their suppliers; maintaining good-sized stockpiles of parts and materials. Now they are letting these stockpiles shrink way down.

IN SALES DEPARTMENTS: They are rid-

ing herd on dealer organizations as they haven't done since 1938—pushing them to organize sales forces, to promote their merchandise, to do maximum business.

• **Backlog**—Both the optimists and the worriers in the industry can find statistics to back them up. On the bright side there's that old reliable, the backlog. At the end of the war, the industry figured there was pent-up demand for between 12-million and 15-million cars (BW—Feb. 24 '45, p10).

Since then, about 10.6-million new units have been sold in the domestic market. But also since then, normal demand has piled up to the extent of perhaps 5-million. So the unfilled backlog still runs about 8-million.

• **Output**—Production and sales records for the start of the year also give cause for cheer. During the first quarter, U. S. plants turned out some 1,060,000 passenger cars. In an average year, first-quarter output equals 24½% of the year's total. On that basis, 1949 volume

would come to more than 4.3-million cars. Only in 1929, when 4,587,400 were built, has the industry topped 4-million passenger cars.

The second quarter has started off well, too. Production in April is estimated at 450,000. That's higher than any of the first three months. On that basis, second-quarter output should be close to 1.3-million—barring a prolonged strike at Ford.

• **Sales**—New-car registrations—the best indicator of sales—have pretty well kept pace with output. The figures for February and March were the best since 1941. (January's total fell a shade below last year.) And estimates for April (figures haven't started to come in yet) are uniformly bright.

Also on the optimistic side: Truck volume this year is expected to continue at highly satisfactory levels—even though lower than the record totals of the early postwar years. Demand for lighter trucks continues substantial, but salesmen for the heavier jobs are having to comb carefully, and competitively. Best estimate of sales in all classes: 900,000.

• **Dark Side**—Biggest factor on the dark side of the picture is the effect of prices on demand. There are no precise statistics. But the manufacturers know current price levels are keeping a lot of would-be buyers out of their showrooms.

One proof: Dealers, increasingly, are having to grant concessions of one sort or another to close deals. Signs on occasional showrooms advertise "factory official cars at discount"—a way of clearing out surpluses. Canny buyers can often extract discounts or free accessories—or high trade-in allowances—from some dealers.

• **Used-Car Slump**—A statistic that's easier to get hold of is the range of used-car prices. One prominent auto-industry economist said privately two years ago: "I'll watch used-car prices. When they come down to a normal relationship to new-car prices, I'll know the sellers' market is all done."

Well, they're not in a normal relationship yet. But they're heading that way. A year ago, a 1948 model of the Chevrolet-Ford-Plymouth class—technically used, actually new—sold at an average price slightly above \$2,300. That was close to \$600 above list. Today, a 1949 model of those makes averages \$1,900 on the used-car lots. And the retail list price has come up to about \$1,800—so the premium is only \$100 or thereabouts.

The comparison shows up about the same on the medium-priced cars. For

one group of 1948 cars just above the popular-price range, the "used" quotation a year ago was approximately \$2,900. For the 1949 models of the same group today, the lots are asking less than \$2,500—almost the list price.

And despite this softening, the traders on the used-car lots have found no significant seasonal pickup so far this year. So they're buying cautiously.

• **Wary**—So Detroit is playing its cards close to its chest. All companies are carefully examining costs. One of the Big Three has just finished a study to get all the facts at hand in case business should slide off enough to warrant a shot-in-the-arm price adjustment.

Designwise, the 1950 models won't be much different from this year's. There may be a couple of exceptions: G.M. is said to have some fairly ambitious die programs on the way—particularly, rumor has it, for the higher-priced makes. And Studebaker is supposed to have some tooling out.

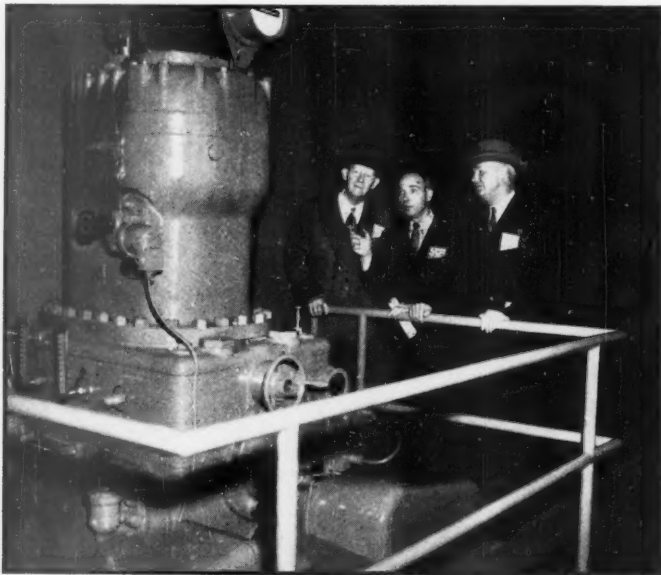
But the engineering departments—which always work a couple of years ahead—are all plugging hard. Among

the objectives: automatic transmissions in all price brackets; more economical designing; simplified manufacturing.

• **Cheaper Cars?**—Nash and Kaiser-Frazer may show up with cheap, small cars two or three years from now. They seem to be the only ones, though. It's not likely that any of the other makers will offer one in the visible future.

But there is some feeling that stripped-down, economy versions of present models may not be far off—especially if sales run into hard sledding toward the end of the year. These "basic transportation" models have always figured in the picture when business gets bad. Through various economies—eliminating some chrome, substituting lower-cost upholstery, replacing fancy steering wheels with plain ones—companies can create a price differential of \$100 or so.

Today, these plain jobs aren't much in evidence—either on assembly lines or in customer specifications. But you may see more of them next year. In any event, the car makers will be ready for the switch if the need arises.



Insurance Against a Power Shortage

"It was a dark and stormy Tuesday in Toledo." The quote is from *BUSINESS WEEK*, last fall (BW-Oct.23/48,p19). It led off a story about the expected midwinter power pinch. And it referred to the fact that Toledo Edison Co., earlier in the year, had already experienced its first load that outran generating capacity.

Toledo Edison won't have to worry about stormy Tuesdays next winter. Last week it

dedicated a new 100,000-kw. turbogenerator, which boosts total generating capacity in northwestern Ohio by about 40%. The unit cost \$12-million, including boilers and other equipment. It was commissioned by (left to right) C. L. Proctor, the company's president; G. A. Price, president of Westinghouse Mfg. Co., which built the generator, and W. A. Jones, president of Cities Service Co., Toledo Edison's parent.

Nevada Lure

State sets up "free port" in bid for industry distribution centers. It will exempt stored goods from personal-property tax.

Nevada has just become the only state in the union with an inland "free port." A new law makes it a tax-free haven for goods in transit.

• **Tax Bath**—Until now, owners who warehoused goods in Nevada had to pay a personal-property tax on the merchandise—just as they did in most states. The new law voids that tax on goods that originate outside Nevada.

Sponsors of the measure frankly intended to make Nevada a distribution center for both eastern and western merchandise. They looked on the law as an open invitation for shippers to use Nevada as an assembly point to consolidate cargo into carlots. The shippers, of course, would benefit from the lower freight charges on carload lots.

• **First In**—Muncie Gear Works is the first eastern firm to take advantage of the new law. When it found out the measure had a good chance of passing the legislature, the Muncie (Ind.) firm shipped 500 outboard motors to a warehouse in Reno. They are sitting there now, tax-free, waiting for distribution to western buyers.

E. S. Bender, executive of a Reno warehouse, sponsored the legislation. At the time, he had in his warehouse a consignment of 6,000 electric washing machines from the Chicago Electric Mfg. Co., all subject to the property tax.

• **Trade Zone**—The new law makes every warehouse in Nevada akin, on a domestic level, to the foreign trade zones of San Francisco, New Orleans, and New York. These zones give shippers a chance to lay down foreign cargo on bonded docks without paying duty. While it's in bond, the owner can process and assemble the cargo, or he can simply store it while he waits for a favorable market. But until the cargo "enters" the U.S., the owner doesn't pay duty.

• **Exemptions**—The Nevada law exempts from the personal-property tax for an unlimited time any "property, goods, wares, or merchandise" consigned to a warehouse in Nevada from outside the state "for storage or assembly in transit to a final destination, whether specified when transportation begins or afterwards."

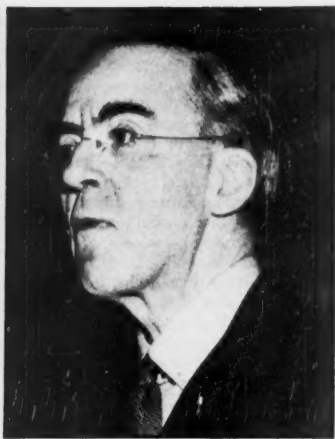
Beaver Tractor Co., Stamford, Conn., is another eastern firm that has been looking into the cost-saving potentials of the new law. Beaver is studying a plan to set up a western distribution point in Nevada.



FRENCH MINISTER Pétache likes the new scheme for freer trade that . . .



U.S. AMBASSADOR Harriman will soon present to Marshall Plan nations, but . . .



BRITISH CHANCELLOR Cripps wants Europe to resist U.S. pressure for a . . .

New Plan For European Recovery

ECA wants European countries to drop austerity programs, push for freer trade among each other—and with U.S.

The following report on policy battle brewing over a switch in ECA plans for European recovery was cabled this week by Howard Whidden, foreign editor of BUSINESS WEEK. He is nearing the end of an eight-week tour of Europe.

PARIS—The U.S. has a new formula for European recovery under the Marshall Plan. If it works, U.S. businessmen will be selling a lot more to Europe in the future—but they will also be facing a lot more competition from European goods in the U.S. market.

The formula: Less austerity planning by European governments; more export salesmanship by European businessmen. • **Shortages**—Last year ECA had a tough job squeezing the goods Europe needed out of a tight U.S. economy. It actually prodded Europe into paring its dollar buying to the bone in order to keep dollar aid at a minimum.

That took tight government planning, strict economic controls.

Now most U.S. businesses are eager to take care of any and all customers. So ECA is curbing the planners, wants a return to competitive trading—something Europe hasn't known since before World War II.

ECA officials are questioning European plans to cut back dollar buying of oil, cotton, tobacco, fruits, among others. ECA is asking a special review of European plans to become independent of all dollar oil.

• **Program**—ECA's roving ambassador, W. Averill Harriman, is in Washington now, officially to testify on the North Atlantic Pact—but also to work out the

new program for Europe. The strategy hasn't been completely set yet, but it's a safe bet that when Harriman gets back to Europe he will urge the following policy on the Organization for European Economic Cooperation:

RELY on increased exports to the Western Hemisphere, rather than on lower dollar imports, to balance western Europe's dollar deficit by 1952.

RELAX intra-European trade barriers which threaten to make permanent the present pattern of trade by government-to-government agreement.

REALIGN existing exchange rates within Europe—and later devalue European currencies in relation to the U.S. dollar.

• **Opposition**—Belgium, France, and Italy seem prepared to buy the idea. French Finance Minister Pétache, for one, would gladly go along.

But not other OEEC members. The British, for example. In Rome last week end Sir Stafford Cripps called for European resistance to any strong pressure from the U.S.

Nevertheless, in the past year the economic climate has changed in western Europe as well as in the U.S. All signs point to the fact that the production battle was won in 1948. Most Marshall Plan countries have made great progress in fighting inflation and creating internal stability. Even France now seems safe.

So, says ECA, it's obvious that the time has come for OEEC to break down the war-born trade barriers between its member states. Exchange controls and

import quotas probably have been necessary up till now to protect each government's reserves of gold and foreign exchange. But now these protective measures have become handicaps. They hold down the flow of trade within Europe. They threaten to become devices for protection of uneconomic industries.

• **Ways and Means**—ECA won't have a hard time getting OEEC members to agree to this argument—in principle. But that's as far as the agreement goes. When it comes to when and how trade restrictions should be relaxed, OEEC members differ among themselves and with the U.S.

• **What the U.S. Wants**—The U.S. position is that European trade must be widened this year—and the European tendency to keep out U.S. goods on a semipermanent basis must be reversed.

ECA wants OEEC countries to scrap some import quotas this year. Along with this, exchange rates would be aligned by: (1) pegging other currencies to the present official dollar rate of the British pound; or (2) by realigning exchange rates into groups of countries (France, Italy, and Belgium might be one group).

• **Nondiscrimination**—But the U.S. wants to do more than just get Europe's own trade moving. ECA wants to pave the way for revival of normal trade between Europe and the U.S. So it is likely to ask European countries which drop import restrictions against each other's goods to apply the same treatment to U.S. goods. The U.S. will insist on nondiscrimination.

ECA is also likely before long to press for the devaluation of at least some European currencies in terms of the dollar. The theory is that this would increase

exports to the U.S., thus raising Europe's dollar earnings.

At the same time, of course, devaluation would tend to cut European buying of U.S. goods, because U.S. prices would be higher in terms of the devalued money. But ECA sees two factors offsetting this: (1) Europe would have more dollar earnings from exports; (2) U.S. exporters would not face discrimination, only price competition.

ECA's stand on discrimination has all the Marshall Plan countries worried. They argue that Europe must discriminate against U.S. goods—especially durable consumer goods like cars and refrigerators—for a year or two more. With a wider European market for these goods, they think European producers could achieve efficient production in a year or two. But until then, they say, the U.S. will undersell European producers, using up dollars and preventing expansion of European production.

• **British Opposition**—On devaluation there is much more sympathy in Europe with the U.S. position. The British are the strongest opponents; they want to pick their own time.

In fact, ECA will have a tough time getting Britain to agree to anything—even to a reduction of import quotas, whether discrimination is involved or not. The British argue that to reduce trade barriers now would cause serious loss of exchange reserves.

The strongest card the British hold is their austerity program. It is proof that they are more determined than the continental countries to become independent of U.S. aid as soon as possible.

• **Possibilities**—Chances are that not all OEEC countries will be able to get together on any single approach—either to trade controls or to exchange rates. More likely, groups of two or three will get together to tackle the job.

The Belgians, French, and Italians seem about ready to get together (page 105). These countries would like to see Britain join in. But they realize that London can't let the pound fluctuate freely. Britain is the center of the sterling area, holds the exchange reserve of all its members. Apart from any differences in trade philosophy, this one fact means Britain must be excluded from any continental scheme to rejigger exchange rates by letting each currency seek its own level. Someday it could split OEEC down the middle, weakening all its future work.

Unless ECA handles its drive to sell competition to western Europe skillfully, the whole Marshall Plan could be set back several months. But OEEC is now conscious of the fact that it must have something in the way of progress toward freer trade to show the U.S. Congress by this time next year. So the chances are ECA won't wait until fall for action.

Diversification That Didn't Pay

Many companies that invaded new fields after the war are having trouble today. F. L. Jacobs, auto-parts maker, has had to cut back sharply on Laundrall washers, soft-drink vending machines.

"Postwar planning," said one dour critic while the echoes of Hiroshima were dying down, "is figuring how to get into the other fellow's business."

• **How It Worked Out**—That turned out to be a good description of the postwar diversification of a lot of big companies. Those that were able to make the switch fast reaped handsome profits. Those that were a little slower didn't do so well as they had hoped.

Both groups are finding the going tough today. Many dream-trains have been sidetracked or abandoned. Many ambitious programs have been cut back. Biggest reason in most cases: lack of familiarity with the new field. It caused mistakes in production, in distribution, often in pricing. Most of these errors might have been corrected had the boom continued. But the big demand backlogs have largely disappeared, and the mistakes have begun to hurt.

• **Jacobs' Case**—For a case history, take a look at a substantial, old-line Detroit auto-parts maker, F. L. Jacobs Co. It diversified in several directions at war's end.

Principal new products: A washing machine (the Laundrall) and a Coca-Cola vending machine (BW—Dec. 14 '46, p. 50). They were intended to cushion the effects of seasonal variations in the auto-parts business; they were decided on only after careful consideration of potentials.

Yet today Jacobs has cut back manufacture of both products: it has closed down the Indianapolis plant at which they were made; it has had to get a \$3-million loan from the Reconstruction Finance Corp.

• **Planning**—The Laundrall was aimed at a market where demand was both obvious and large. It was painstakingly engineered, so that its quality would enable it to compete with better-known brands. Distribution wasn't hard: The appliance business was full of willing outlets.

The Coca-Cola vending machine, in common with at least three others in the field, was equally carefully developed for an equally obvious market. The Coca-Cola Co. was strongly in favor of having its bottlers use automatic merchandising aids.

So what happened?

• **Fault**—The Laundrall had one big fault: It was too elaborate. It was a fairly precise unit mechanically, engineered with automotive care. As long

as it worked, it worked very well. But once service was required, the repair job was long and difficult, the parts hard to get at.

Result: Dealers were faced both with inadequate mechanics and with customer annoyance at big repair bills. They began to drift away from Laundrall. Just about the time that drift became evident, the whole appliance market began to shrink. Laundrall was a newcomer, so it was hit hard.

The vending machine's trouble stemmed from the very newness of the idea. Bottlers rushed to buy. Then they found that the machines entailed costs they hadn't counted on: trucks to transport the machines to their destinations; servicemen's salaries; other charges. So they stopped buying.

• **Decision**—Jacobs had two options: It could embark on a heavy advertising campaign; or it could cut output. It figured the amount of advertising needed would be too expensive. So it decided to strip down to fighting weight.

First off, it redesigned the Laundrall, making it easier to service. At the same time, production was shifted to the company's auto-parts plants: Laundrall from Indianapolis to Detroit; the vending machine to Traverse City, Mich.

These consolidations may solve Jacobs' problems. At Indianapolis, the facilities were geared for high-volume production—and so was the overhead. Now it's economical for Jacobs to go along turning out only a thousand or two washing machines a month, and a smaller number of vending machines—fractions of the output that was needed at Indianapolis to make the plant profitable.

• **Offset**—Meanwhile, the company's auto-parts business is doing very well. The Continental Die Casting Division, bought late in the war, has tripled in size since then. Manufacture of cushion springs at Danville, Ill.—a new activity—is growing fast. The company's tested lines—seat frames and slides, instrument panels, spring assemblies, body hardware, etc.—are all thriving.

With automotive lines good, and with other activities at least temporarily in eclipse, Rex C. Jacobs, president of the company, was asked what he would do differently if he had it all to do over again. His answer was quick and simple: "We'd do it again—but on a smaller scale."



How to Sell a Watch—in a Hurry

"Our biggest problem in reorganizing," said John J. Hagerty, court-appointed trustees' agents for the bankrupt Waltham Watch Co. (BW—Jan. 8 '49, p. 26), "is the disposal of our 1948 inventory." Last week that problem was disappearing into the hands of crowds that swarmed to Filene's, Boston unit of Federated Department Stores, Inc. (picture); they bought out the store's initial sale of 10,000 watches purchased from Waltham's 285,000-piece inventory. Filene's sale price: one-half the old fair-trade price. This week other affiliates of Associated Merchandising Corp. (a buying organization to

which Federated stores belong) were getting into the act. And non-A.M.C. stores handling Waltham watches were knocking 50% off the price of the Walthams they had in stock. A.M.C. got first crack at the factory inventory, but other Waltham customers have now been invited to dip in. By prearrangement, the Filene's event coincided with the official reopening of the Waltham plant under a \$6-million R.F.C. loan. At present, about 900 of Waltham's original 2,400 workers are back on the job, cleaning up watch-making tasks left unfinished when the plant closed last December.

Of course, the plans are never as crudely drawn as the example above. If they were, the companies would obviously be open to charges of tax evasion. To make plans legitimate, companies usually dress up their employment contracts.

Contracts frequently require that the executive act in an advisory capacity while in retirement. (BW—Dec. 4 '48, p. 31) or that he pledge himself not to work for a competitor.

• **Variations**—A deferred compensation plan owes its popularity to the fact that, if properly drawn, it can cost employers nothing while it lets executives save on taxes. Accountants have developed several variations of the plan, each adapted to different needs.

Strictly speaking, of course, employee pensions funds and insurance annuities come under the heading of deferred compensation. But these plans require employer contributions. For this reason, they lack the appeal of "nonactuarial" systems.

In principle, all deferred compensation plans are designed to pay out high income—earned in a fairly short period—in small instalments over a longer period. Each of the small instalments is taxed at a comparatively low rate.

• **Constructive Receipt**—BIR hasn't been very impressed by these efforts to legitimize tax savings. The question, as the Bureau sees it: When is the tax due? In the year the income is earned? Or when the income is received?

BIR generally takes the position that the tax becomes due when the income is earned. It has O.K.'d a few plans where the advisory service after retirement is genuine, and the compensation not excessive. Generally, however, the Bureau bases its stand on the so-called "doctrine of constructive receipt"—a principle it traditionally follows in cases involving the time at which income is received.

When deferred compensation plans are under consideration, here's the way the bureau interprets constructive receipt: If an employee can choose between receiving income in the present or in the future, he is taxed as if it were present income, no matter what choice he actually makes.

• **And Besides**—There are these other reasons why the bureau insists on taxing income when earned:

(1) Deferred compensation plans would discriminate against members of partnerships and individual proprietors because employees alone would be eligible for the tax benefits.

(2) Use of nonactuarial systems permits exclusion of lower salaried workers from the tax savings; in Section 165 (A) of the Internal Revenue Code, Congress permitted waived taxes on pension plans only when they are non-discriminatory.

"Deferred Pay" Won't Work

Internal Revenue is turning down schemes to save taxes on high salaries by splitting pay between earnings years and retirement years. Ruling coming.

One of your top executives is about five years away from retirement age. He's a good man, and your competitors are after him, so you'd like to make him happy; you might go as high as \$100,000 a year.

Of course that pay scale isn't quite as attractive as it once was. Even splitting his income with his wife, he'll still pay about \$47,000 of it in taxes.

But you have a bright idea to fix that: You'll offer him a contract paying him \$50,000 a year until he's 65—and then retirement pay of \$50,000 a year for five years. Each year he'll pay \$18,000 in

taxes, equivalent to \$36,000 a year on a straight salary basis. Pretty good deal. It won't cost you anything, saves your man \$11,000 a year in taxes, and all you have to do is get the Bureau of Internal Revenue to O.K. it.

Don't bother.

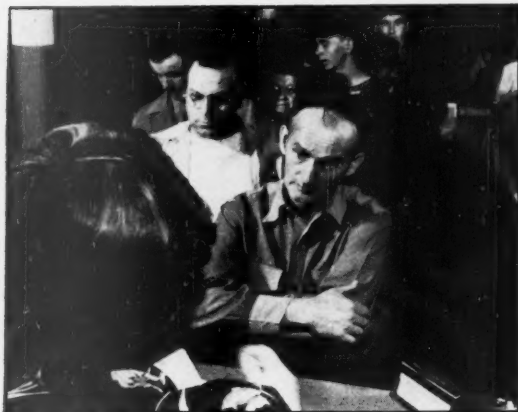
• **Ruling**—In the last few months, a score of the nation's largest corporations have submitted schemes like this to the Bureau for informal rulings. BIR has almost invariably turned them down.

To halt the continuing flood of inquiries, the bureau is soon going to issue a clear statement on its policy.



(1) Lawrence's Mills Are Quiet

Pacific Mills and others work short weeks—on abbreviated shifts. At American Woolen Co.'s Wood Mill, workers trickle out in 10 minutes at day's end; the jam used to last an hour



3 True, the town's textile workers are living largely on one week's work in three, plus benefits collected at unemployment office . . .



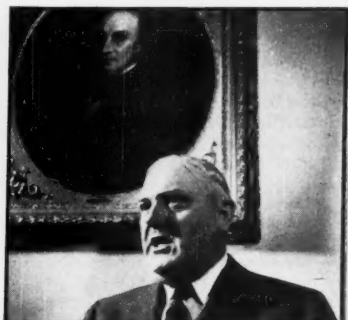
4 And when they shop, it's the store with the best buys that gets their business. But, all in all, civic leaders are confident . . .



5 BANKER R. Wilkinson: "I don't think this is any time for alarm. We've just got to buckle down and work harder"



6 C.I.O. TEXTILE LEADER A. Brown: "This isn't a depression; it's just late reconversion for the textile industry"



7 MAYOR J. P. Meehan: "We've been through these unemployment periods before and have always come out all right"



(2) But the Main Stem Stays Busy Late afternoon shoppers throng along Essex St., in Lawrence, Mass., and W. T. Grant Co. pushes a new \$100,000 store toward completion

Textile City Gets Along Despite Layoffs

It takes a lot more to make a depression in 1949 than it did in the early 1930's.

You can see that this week in Lawrence, Mass. Statistically, it's in a depression. It has had sharp cutbacks in mill operations, heavy and lasting unemployment, and low payrolls.

A similar economic plight plunged Lawrence into a depression in the 30's—but, so far, it hasn't done so in 1949.

• **Paradox**—Last week, more than 23,000 of the 57,000 workers in Lawrence and its suburbs were jobless, or only partially employed. But despite this, business conditions were about the same as for the country as a whole.

The paradox of depression conditions without depression business is explained in this way by Lawrence businessmen:

UNEMPLOYMENT COMPENSATION has proved to be an effective cushion for business—as well as workers—against the impact of layoffs.

UNION COOPERATION with management has further lessened the impact by a spread-the-work program.

COMPETITIVE MERCHANDISING has kept trade going despite a dwindling supply of dollars.

Lawrence is a one-product city. The Greater Lawrence area runs out more woollens and worsteds than any other mill center in this country.

• **Fluctuations**—Most of the area's workers are employed in the mills—mainly in the big ones operated by American Woolen Co., Pacific Mills, and Wm. Whitman Co., Inc. Other manufac-

turing employment is just a fraction of that in the textile mills.

So Greater Lawrence fluctuates with the fortunes of the textile industry.

• **Job Drop**—In February, 1948, the postwar peak, Massachusetts and Rhode Island had 78,529 employed wool and worsted workers (43% of the U. S. total of 179,500). In February, 1949, the two-state total was off to 56,770.

In Lawrence proper, total employment (including nontextile jobs) in February, 1948, was 25,901. By mid-March, 1949, it was down to 15,167. The decline continues, but not at a sharp rate.

In Greater Lawrence, declining employment has shoved unemployment-compensation rolls up fast. In March, 1948, about 4,000 were on the list for benefits; the roll now tops 23,000.

• **Bad Publicity**—A month ago, publicity given to the high unemployment by Rep. Thomas J. Lane aroused national concern—and, according to Lawrence businessmen, resulted in exaggerated newspaper reports of a "depression."

The 23,000 figure for unemployment compensation claims requires some explaining. Greater Lawrence has a population of only 125,000, but it has 57,000 in the work force. Obviously, this isn't a normal ratio of work force to population. Mills operated full blast during the war—and for some time after it.

They "drafted" housewives, retired workers, and other marginal groups. About 6,000 to 7,000 were picked up in this way.

• **Figures That Fool You**—These marginal workers were laid off gradually

over the past year. They have gone back into homes and farms. But—so they can collect compensation—they're still in the work force, classed as unemployed.

Many drew all the compensation the law allowed in the Massachusetts "compensation year" which started Apr. 1, 1948. Then on Apr. 1, 1949, about 6,000 of the marginal workers who had gone off the roll when benefits were exhausted last year went back on the claims list. "Unemployment" thus took a sharp jump from 17,000 to 23,000, although there had been no big layoffs.

Further, the 17,000 who really can be classed as potentially reemployable aren't all jobless at any one time. That's because of a management-union "stagger system" for layoffs. It's written into contracts signed during the war, when negotiators had foresight enough to plan for reconversion layoffs.

• **Staggered Jobs**—Here's the way the system works: Management and union agree that either 60% or 70% of Sept. 1, 1941, employment is to be considered the "normal work force"; the other 30% or 40% (it varies by contract) on the payroll as of Sept. 1, 1941, is to be considered a "peak-load force"—not regularly employed. All those employed after Sept. 1, 1941, are to be considered as an emergency work force.

The 30% to 40% in the "peak-load force" can be laid off whenever there's not enough work to keep them busy. But the others in the "normal work force" are covered by a stagger system that requires available work to be shared.

For instance, if there's work only for

150 weavers and there are 300 in the "normal work force" of a mill, each weaver works one week, lays off one week. Many Greater Lawrence workers are on the one-and-one basis; some others are on the job one week and off two.

• **Covered**—Under the Massachusetts unemployment-compensation rules, all are included in the one bulk claims figure. It's because the rules allow them to collect compensation checks for each week they're off the payroll.

An estimated 8,000 are covered by the Lawrence stagger system—and from one-third to one-half are actually working each week although they're listed among the jobless.

• **Compensation**—Massachusetts rules allow benefits of up to \$25 for 23 weeks a year, plus an additional \$2 a week for each dependent child. The maximum in one year is \$575.

Average pay of textile workers has been around \$52 a week; actual take-home of the average worker has been about \$45. Lately, mills have been working only three days a week, so the take-home has been cut to about \$30 a week—in the weeks a worker is on the job under the stagger system. The compensation checks, including the allowance for children, are about the same amount for the weeks the worker is away from the job. So, while weekly income is down, it remains fairly steady under the stagger system. And keep in mind that there's more than one wage earner in the average Lawrence family.

That's why:

Savings accounts are continuing to show gains in the area (though the rate of increase isn't so steep as before).

Savings bond redemptions haven't soared: "E" bond purchases still exceed cash-ins.

Bank-loan delinquencies are staying just about average: less than 1% in number and less than 0.75% in cash value.

Easter retail sales were "surprisingly high," according to Essex Street merchants in Lawrence. One retailer opened a new women's specialty shop the week before Easter; he took in \$5,200 during the first week. Another recently offered two men's suits for cost plus regular profit on one suit; he moved 74 suits in a single day.

Advertising linage in the Lawrence Eagle-Tribune is up a little from a year ago.

Public relief is up only slightly. Mayor James P. Meehan estimates there are about 100 more cases on the city books than in the spring of 1948.

Total sales volume is down about 20%, as near as it can be estimated. But this decline follows a national pattern: Luxury lines and nonessentials are off; electrical appliance business is down; merchants able and accustomed to carrying regular customers' credit accounts are faring better than small cash-only

storekeepers. Lower prices account for part of the lower dollar volume.

• **Predictions**—Lawrence businessmen generally agree that they will make out all right—if conditions don't get any worse. But they also agree that the easy-money days are over for them.

Many now look for an upswing in employment in the next few weeks. The big mills are beginning to book a few new orders. But they don't expect a rapid comeback. "Our unemployment problem should ease up gradually over the next three or four months," says Jack Barry, industrial director of the Greater Lawrence Chamber of Commerce.

And they don't expect that everyone will get his job back again.

• **Prospects**—How many will go back to work? No one in Lawrence wants to guess. They quote a National Assn. of Wool Manufacturers estimate of national employment expectations: 150,000 to 160,000, which is 30,060 to 40,000 under the wartime peak but about 30,000 more than prewar.

If this is right, unemployment in Lawrence won't have serious results.

There's another question in Lawrence minds: Why did the slump occur? Most blame high production costs and high prices. Now, they feel, a price break is in the offing.



Heads C. of C.

Herman W. Steinkrans, sales-wise president of Bridgeport Brass Co., was elected president of the U. S. Chamber of Commerce this week. Now 59, he has been active in Chamber of Commerce work since before World War I, which he later served in and emerged from with a Distinguished Service Cross. In World War II he was a frequent representative on labor-management boards. Steinkrans has been with Bridgeport Brass since 1928, its president since 1942.

Odd Jobs

USES will issue a second edition of its job dictionary. It defines new jobs, has more helps for work classification.

A robber, a pulpit man, and a banker are not always exactly what you think they are.

• **Switch**—In the hard-coal mines, a robber rips out the pillars that hold up the mine roof after the coal is taken out. In a rolling mill, a pulpit man works in the control cabin. The logging industry doesn't give a banker much chance to grow fat. He has to haul timber on hand sleds to storage areas.

• **Book**—These are three of the 40,000 titles that describe 22,000 different jobs in the second edition of The Dictionary of Occupational Titles. The U. S. Employment Service will publish the edition in two volumes which will be available for purchase in June.

Flipping through the pages, executives are likely to come across a slew of titles that stump them—and a score or more that raise a chuckle. Like a bull nurse, for instance, who is a worker that takes care of shipments of livestock; or a road monkey who does maintenance on logging roads. A kiss machine operator, oddly enough, runs the machine that wraps candy kisses; a grizzly worker dumps ore from cars through an iron grating; and a horser-up hangs leather over saw horses.

• **Changes**—The first dictionary came out in 1939; since then 75,000 copies have gone out to industry, government agencies, unions, colleges, and other organizations.

This year's version covers a lot of new ground. It lists jobs—like those in plastics and television—that were unheard of 10 years ago. Besides, it includes many jobs that have died out or will soon pass out of the picture. There has also been a change in the arrangement of the original material; the new edition does away with many cross references, makes the book more useful as an aid in job classification and employment counseling.

Along with definitions, the dictionary has a code breakdown that shows relations between jobs and job groupings. It defines 250 industries and their specific jobs; there is also a glossary of terms and an index of common commodities sold at wholesale and retail.

• **How to Get**—You can get copies of the dictionary from the Superintendent of Documents, Government Printing Office, Washington 25, D. C. The first volume, which consists of definitions only, costs \$3; the second volume, covering the remaining material, \$2.50.

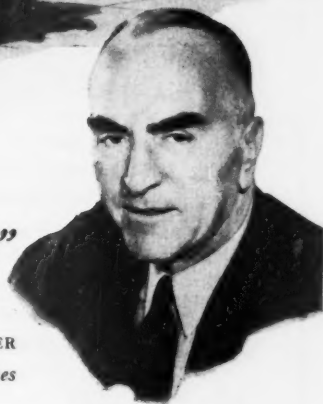
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President and General Manager, Eastern Air Lines



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Why They Went to Oklahoma



With
**PITTSBURGH
PLATE GLASS COMPANY**
it was

*Markets, Manpower and
Manufacturing Facilities*



RICHARD B. TUCKER*
Executive Vice-President
Pittsburgh Plate Glass Company
Says:

"In 1930 a plant for the manufacture of Pennvernon window glass began operation in Henryetta, Oklahoma.

"That site was selected because of strategic location with regard to markets, ready availability of natural gas and glass sand, adequate power facilities and ample available manpower.

"That plant has been running continuously since that date, and as evidence of our faith in that community, an expansion program was undertaken in 1948 which doubled its productive capacity. The location of this plant means better service to our customers."

**Above statement a direct quotation
in Mr. Tucker's own words.*

Oklahoma has many business advantages in addition to those which appealed to Pittsburgh Plate Glass Company. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.



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PLANNING and RESOURCES BOARD
STATE CAPITOL BUILDING
OKLAHOMA CITY, OKLAHOMA

BUSINESS BRIEFS

"Insecticide alarmists" (BW—Apr. 16 '49, p25), according to commissioner Paul B. Dunbar of the Food & Drug Administration, have slapped down sales of DDT to "nothing" and almost ruined the crop-dusting business. Result, he says, is a serious threat by crop pests to the nation's food supply.

Floyd B. Odum's plan to lease planes to airlines (BW—Oct. 2 '48, p89) has been turned down by RFC. Too costly for the airlines, says RFC director Harvey J. Gunderson. Odum's Airfleets, Inc., is now revising its plan.

Four nonsked cargo lines have been certified by CAB to fly regular freight service for a tentative five-year period: Flying Tiger Line, Slick Airways, U. S. Airlines, Airnews. CAB's air transport pattern (BW—Apr. 23 '49, p20) now consists of 16 passenger truck lines, 12 local feeder services, four freight routes.

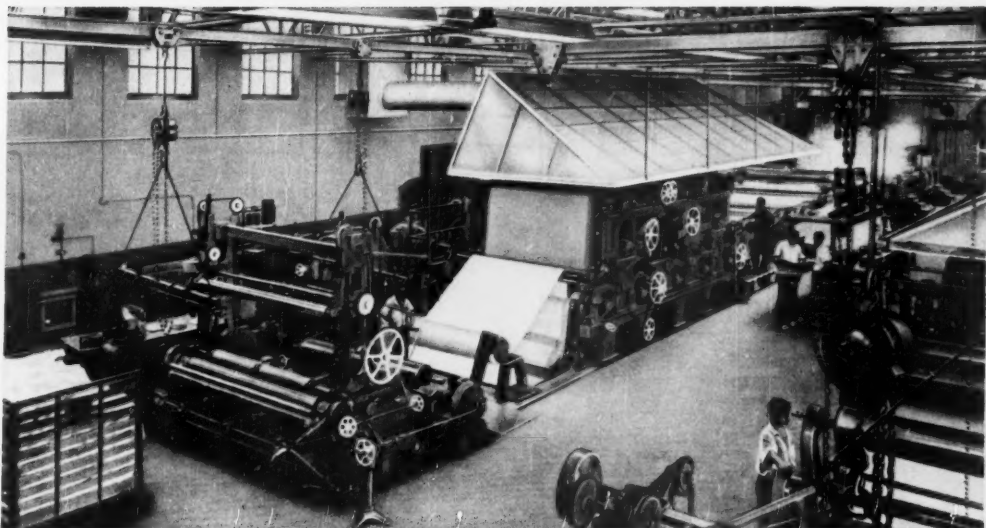
Election of Theodore V. Houser, Sears, Roebuck's merchandising vice-president, as a Kaiser-Frazer director does not mean a tie-up between Sears and K-F. The rumor that Sears would handle K-F autos is just as dead as it was six months ago (BW—Oct. 9 '49, p34). Houser's election was a personal matter as far as Sears is concerned.

Ohio conveyor belt for hauling coal to Lake Erie (BW—Feb. 12 '49, p45) is a lost cause this year. A state legislature committee has indefinitely postponed a bill to give Riverlake Belt Conveyor Lines the right of eminent domain. Railroads and brotherhoods ganged up on it.

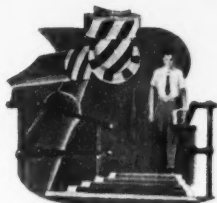
New head of ACF-Brill is Charles W. Perelle. The corporation had a deficit of some \$3.3-million last year, expects to be in the red this year. Perelle is the man who pulled Gar Wood Industries out of the hole (BW—Feb. 5 '49, p28).

The new Packards (BW—Apr. 30 '49, p31) will cost \$103 to \$246 less than the 1948 models. Ultramatic transmission costs \$225 extra except on the custom models, where it's standard equipment.

A. O. Smith Corp. has landed an order for 1,000 miles of 22-in. pipe for a new crude-oil line from Texas to Ohio. The \$56-million project will be built by Mid-Valley Pipeline Co., which was recently formed by Sun Oil and Standard Oil (Ohio).



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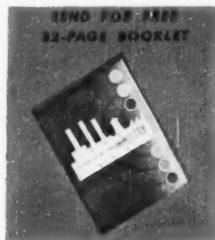
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ABOVE: The interior of an electric refrigerator is padded and sealed against damage in transit. LEFT: A Brazilian coffee picker sifts dirt and leaves from the coffee beans.



Brazilian coffee helps keep American electrical workers busy

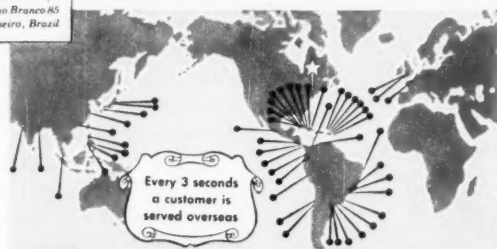
The great American custom of coffee with meals puts several hundred million dollars in Brazilian pockets every year. And our imports of such vital materials as vegetable oils and wax, cocoa, hides and skins, castor beans and crude rubber add other millions to Brazil's purchasing power. Many of these dollars return to the United States in payment for American electrical appliances and machinery, as well as for steel mill products, grains, automobiles, and a variety of industrial items.

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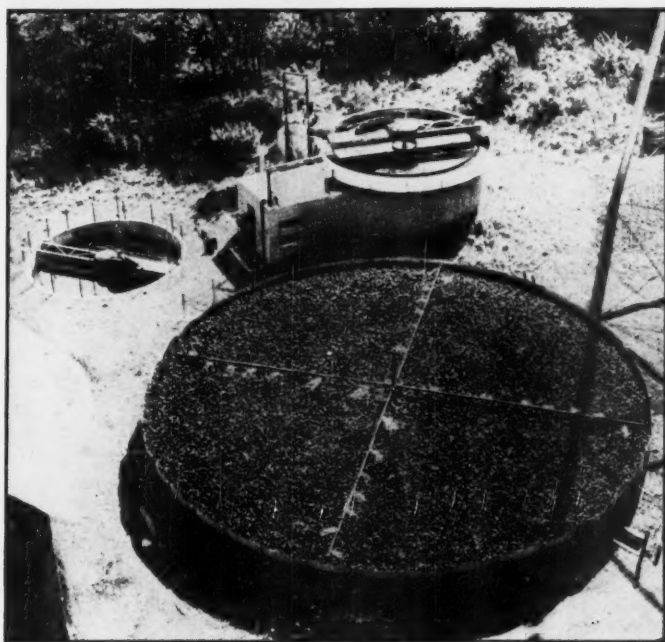
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POLLUTION



WASTE-DISPOSAL PLANT at Lexington is one of 16 units Schenley uses in . . .

Making Pollution-Control Pay

Schenley finds it can cash in on its spent mash by converting it into livestock feed. Program results in local goodwill, too. Ground is broken for new unit near Baltimore.

It's a nice feeling when you can get paid for something you ought to do anyhow. That, in effect, is the situation Schenley Industries, Inc., is in with its waste-disposal problems.

Distillery and brewery wastes dumped into streams don't help its drinkability. And they are pure poison to the fish. Reason: The spent mash absorbs all the oxygen from the water.

• **Program**—Schenley has distilleries in six states, and a brewery (Blatz) in a seventh. It has a real problem in pollution-abatement because some of its plants are located on small, some on medium, and some on large bodies of water. Thus, each installation has had to be specially designed to cope with specific local conditions.

But the program has paid off in two ways:

(1) Local goodwill—very important since distillers are easy targets for criticism and abuse; and

(2) Cash—through the reclamation of

valuable livestock feeds from the waste.

• **New Plant**—Last week Schenley broke ground for a new waste-treatment plant at its Joseph S. Finch & Co. distillery at Cedarhurst, Md., near Baltimore. It will be the 16th unit Schenley has built in 16 years in its program to combat stream pollution.

Total investment so far comes to more than \$34-million, says Carl J. Kiefer, Schenley's executive vice-president. At today's replacement costs, the value of the facilities is at least \$7-million.

• **Two Types**—The Schenley units are of two types: (1) "dryhouses," which recover feed from the waste as a byproduct; and (2) waste-disposal plants. Today, Schenley is operating 12 dryhouses—in Kentucky, Indiana, Pennsylvania, Maryland, Massachusetts, and Wisconsin—and three disposal plants—in Kentucky and Massachusetts. The Cedarhurst installation will be the fourth waste-disposal unit.

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INDUSTRIAL HEATING

pollution materials from distillery wastes. That, says Schenley, is better than most municipal sewage-disposal plants do; few of them remove more than 90%.

In addition, when a distillery is located on a small stream, a waste-disposal plant can be built to remove nearly all of the remaining 1.8%. Thus, 99.9% of the pollution is taken care of. Schenley points out that such a disposal plant is merely added expense, since, unlike a dryhouse, it does not produce any byproduct.

• **Complete Units**—Schenley has complete treatment plants of this type (it thinks they are the only ones in the industry) at Lexington and Stamping Ground, Ky. The Maryland unit will be the third (there is already a dryhouse there).

The fourth waste-disposal plant, at East Taunton, Mass., is a primary-treatment unit. It removes only suspended solids in the effluent, thus reducing pollution by about 40%. This setup was approved by state authorities, because the stream there is larger.

• **Valuable as Feed**—For generations, farmers have known that the thin "slop" (spent liquid mash) from distilleries (1) was relished by cattle, hogs, and poultry, and (2) fattened livestock quickly and boosted milk and egg production. They built tank wagons and drove miles to distilleries to get the mash—which the distillers were glad to give them at little or no cost.

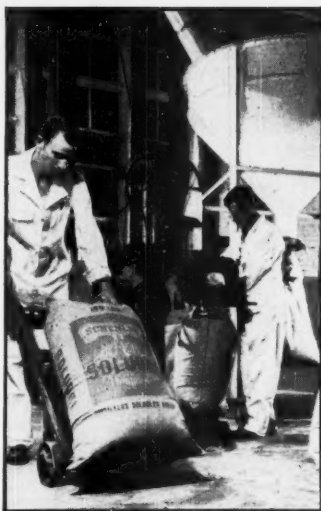
Only the starch in the corn, rye, or barley malt is used in making whisky. All the other nutritive elements remain in the mash. Furthermore, the mash is enriched by the yeast used to convert the starch into alcohol.

• **Big Business**—During and since the war, conversion of spent mash into feed has developed into a big business. Schenley alone produced 56,359 tons of feed last year. Back in 1945 it turned out 83,128 tons—because of round-the-clock distillation of war alcohol.

Feed-recovery dryhouses take an investment, in many cases, equal to the cost of building the distillery itself. Average cost of Schenley's 12 dryhouses was \$300,000; they would cost twice as much today. A dryhouse serving a major distillery couldn't be built now for less than \$1-million.

• **Ohio Basin Compact**—Pollution is a particularly knotty problem along the Ohio River—so much so that the eight states in the river basin signed a compact last year to do something about it (BW—Jul. 31 '48, p. 26). The compact sets up a joint commission with authority to cut stream pollution throughout the valley.

The majority of the country's distilleries are located in this area. So it's obvious that disposal of distillery wastes



FEED FROM WASTE: Schenley converts its spent mash into a valuable byproduct

is important to the success of the whole program.

• **Approval**—In this connection, Edward J. Cleary, executive director of the eight-state commission, says:

"Progress being made by the distillery industry in the disposal of its wastes is heartening to all those concerned with clean streams. In solving their problem, the distillers found the means to obtain a valuable byproduct."

"It is not uncommon for an industry to discover, when serious study is given to what goes out the sewer, that opportunities for salvage become apparent. Not every industry, of course, will find salvage from waste products to be as lucrative as that in the distillery business. But some interesting surprises may . . . [result] . . . when waste-disposal problems are explored."

Early Reports Distorted Donora's Smog Test

Health authorities are still trying to find out what caused the death-dealing smog at Donora (Pa.) last October. The first phase of their field tests, which ended this week, was not so conclusive as newspaper headlines would have it.

• **Full Blast**—Last month the U. S. Public Health Service ran off a smog test. It had the American Steel & Wire Co.'s zinc plant gradually step up production until it was going full blast—as it had been when 20 people died of industrial gases last fall (BW—Nov. 20 '48, p. 21). The wide-open period lasted four days. Complaints around town about coughs



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and sore throats gave rise to newspaper reports of widespread illness.

Actually, the Public Health Service itself got only a handful of calls from worried citizens, none from the local doctors. And the field staff found no evidence that anyone suffered serious ill effects from the test.

• **Precautions**—The officials had taken careful precautions by warning the town beforehand, alerting all doctors. They

also made sure, for safety's sake, that the test was not held under the same weather conditions that occurred last October.

In July the government service will make a full report on the recent test. And in October it will be back again to continue its investigation, which began last December. Meanwhile, its experts are ready to make a dash back to Donora if another dangerous smog occurs.

Cleaning Up Rivers

Ford and G.M. worry about the black eye that stream pollution gives industry. They're spending heavily to check it at the source. "Natural" pollution is also under attack.

"Industry simply cannot afford to pollute streams and thus alienate the good will of those who are expected to buy its products."

The point about this remark is that a management man himself made it—L. A. Danse, supervisor of materials and processes for General Motors Corp. Thus, the fight against stream pollution is now beginning to get strong backing from companies alert to public relations.

• **Ford**—Another good example is Ford Motor Co., which last week took the wraps off an extensive pollution-control program at its vast River Rouge plant. The program is costing Ford \$1.5-million, will be finished sometime this year.

It includes: (1) an oil skimmer to reclaim oil from mill water; (2) a method of recovering waste steel-pickling liquor, which will be piped to the Detroit and Dearborn sewage disposal plants as a sludge conditioning agent; (3) a recovery system—supposed to be the first of its kind in the U.S.—for getting the waste out of water used to cool coal tar, gases, and other coke-oven byproducts.

• **At the Source**—Ford has installed steel pans and cement curbs at 615 machines in the Rouge plant to stop contamination at the source. It has also put similar drip-savers in other plants besides Rouge. And at Ypsilanti it has put in a system that pipes plating-solution waste into the city sewerage system; dilution then renders it harmless.

Much of the work done so far has been carried out with the cooperation of the Michigan Stream Control Commission. Now Ford is considering further work at still other plants. It is making studies at its Northville (Mich.), Highland Park (Mich.), Mound Road (Mich.), Edgewater (N. J.), Chester (Pa.), and Norfolk (Va.) assembly plants with this in mind.

• **Another Reason**—There is at least one other reason why more and more companies are taking the problem of pollution control seriously. G.M.'s Danse pointed out this one, too, at a meeting

of the Interstate Commission on the Potomac River Basin. Companies, he said, realize that the handwriting is on the wall: If they don't act soon, regulatory agencies will.

Danse went on to describe G.M.'s work to the agricultural, soil, conservation, and forestry officials who had gathered for the commission's meeting in Bedford Springs, Pa.

G.M., he said, got into pollution-control work in 1944, when active war production began to slack off. Its anti-pollution program has cost the company some \$2.1-million so far. About \$65,000 of this has gone to control air pollution; the rest has been spent on stream pollution. G.M.'s waste-treatment installations vary from a \$400 paint skimmer to a \$602,400 complete works at one of its plants.

• **"Natural" Pollution**—But industry is far from being the only offender in stream pollution. One of the worst—though little suspected—is the earth.

The District of Columbia's director of sanitary engineering, Harold A. Kemp, told the Bedford Springs session that soil erosion must be checked if we are to end river pollution. Even experts, he said, have failed to grasp the magnitude of "natural" pollution.

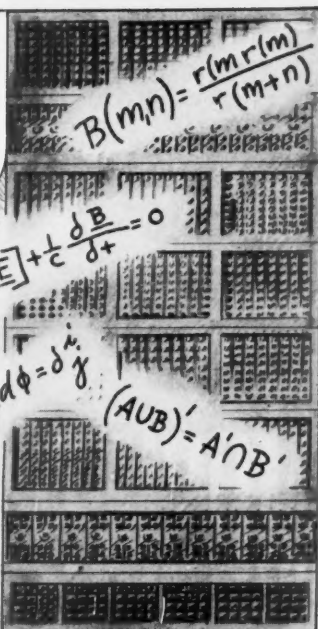
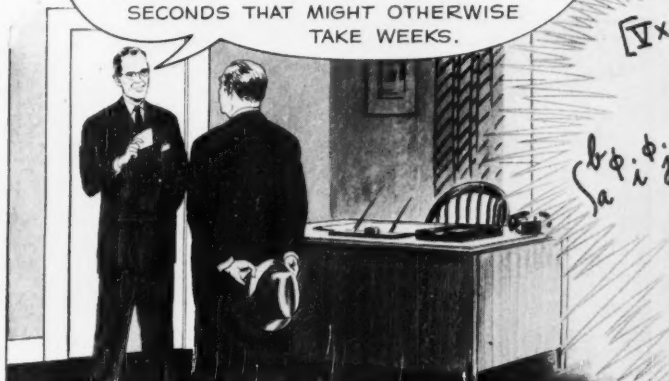
Kemp had statistics to show how serious the problem can get: Judging from turbidity tests, the mud load of the Potomac River at Washington was some 1.6-million tons last year. Each year, soil erosion above the city is removing the equivalent of a 6-in. layer of topsoil from 2 sq. mi.

• **Harmful**—Here's the importance that Kemp attaches to natural pollution: "Without minimizing the effect of municipal or industrial wastes, I would emphasize that mineral or soil wastes are much more insidious in their destruction of aquatic life than are organic wastes. In fact, turbid water makes fish more susceptible to the effects of organic pollution."

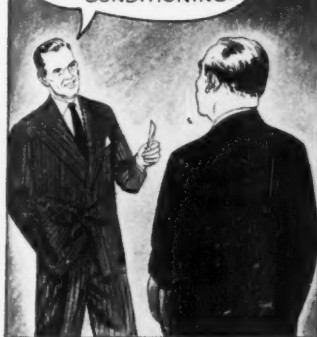
Getting rid of natural pollution would

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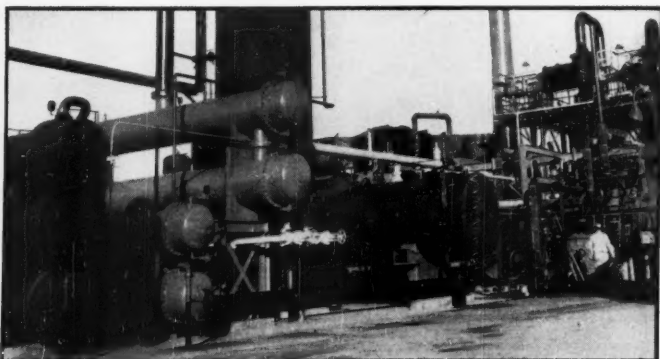
directly cut the costs of municipalities. Soil-conservation measures could, according to Kemp, reduce turbidity in the Potomac by more than 75%. He translated this into the dollars and cents that Washington would be able to save in the treatment of its water supply.

It would cut out these annual federal expenses: (1) \$34,000 for alum, lime, and chlorine; (2) \$12,000 for dredging

reservoirs; (3) \$5,000 for filter cleaning.

• **Project**—Another speaker, Dr. Hugh H. Bennett, chief of the U. S. Soil Conservation Service, carried the discussion farther downstream. He tied in the problem of harbor sedimentation with soil conservation and river pollution.

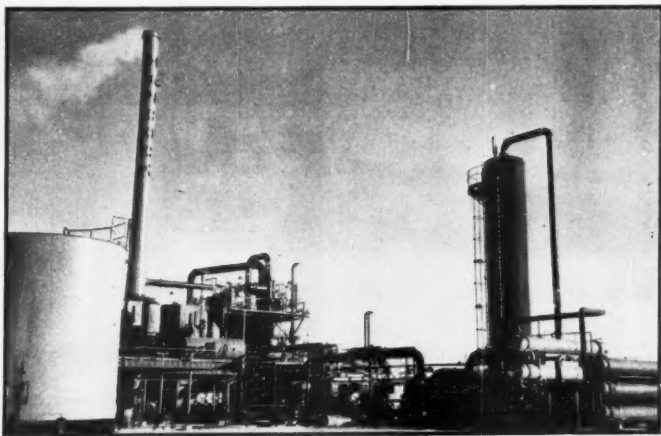
In order to get at the whole problem, the commission decided to set up a demonstration project in Maryland's Monocacy River basin.



Los Angeles' Solution to Smoke Pollution . . .

Heat exchangers and condensers, plus heat and pressure, are the working elements in a new process now being used at Hancock Chemical Co., Los Angeles, to change eye-smarting smog into salable

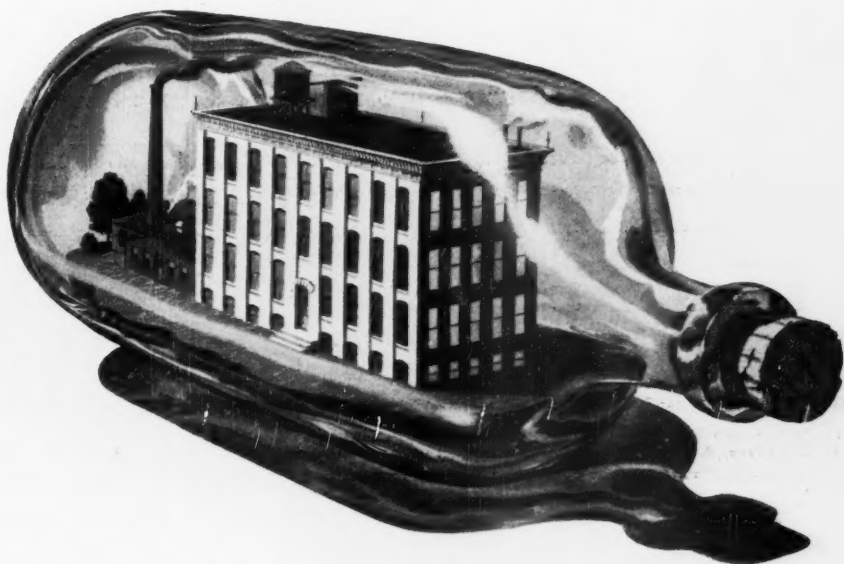
sulphur. Oil refinery gases, full of hydrogen sulphide, are cleaned, then put in solution, piped to the Hancock plant. Results: 50 tons of sulphur a day; purer air for Angelenos.



. . . Converts Smog into Salable Sulphur

Final processing of waste refinery gases to sulphur is done in a catalyst-filled converter. The equipment produces liquid sulphur for sale to sulphuric-acid makers. Hancock Chemical is a subsidiary of Hancock Oil Co.; its

smog-conversion equipment cost \$1.8-million. Only other plants of this type in the world are at Abadan on the Persian Gulf—one built by the Germans, two by the British. All use the same process.



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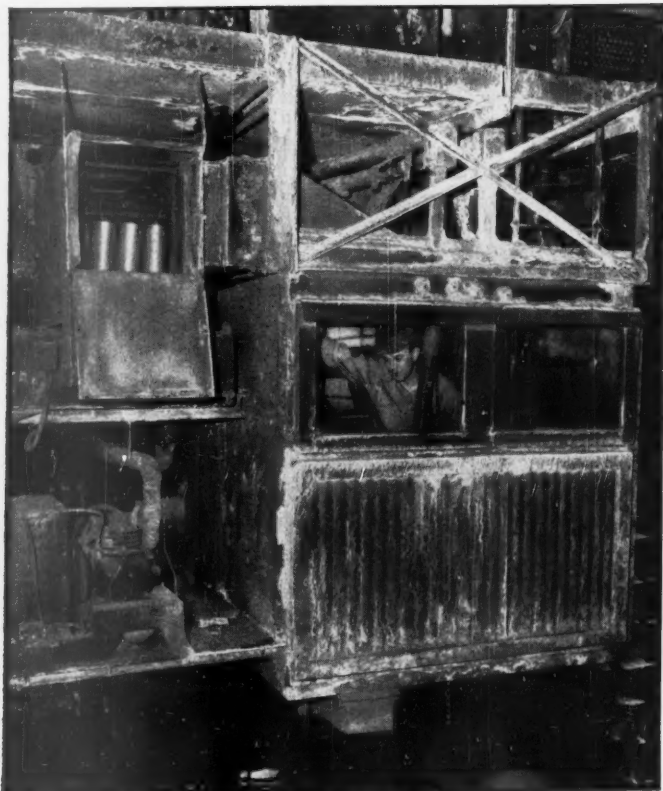
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PRODUCTION



CRANE OPERATOR at smelting plant works in sealed cab. The air he breathes is purified by activated carbon. This is one of the ways that industry is

Using Carbon to Clean Air

When activated, this versatile element has millions of tiny pores on its surface, to which gases and other airborne impurities adhere. Applications include trains, food plants, smelters.

Getting air clean and sweet-smelling is getting to be a major engineering job in many industries. Today, more and more of them are turning to carbon to do the job.

• **Basic**—Carbon, in one form or another, has long been a basic servant of industry. It forms the key part of countless chemical compounds; it's a vital constituent in cast iron and in steel; it's indispensable in the electrolytic production of aluminum; it's used in batteries, industrial electronic equipment, tires; it was an essential tool in producing the atom bomb.

These days carbon is getting plenty

of attention from ventilation engineers. For air cleaning, the carbon is treated chemically to "activate" it. In that condition, it adsorbs (picks up on its surface) odors, impurities, airborne contaminating vapors.

• **What Activation Is**—The surface of activated carbon is composed of countless pores and crevices in which the physiochemical process called adsorption can take place. Gases and vapors cling tenaciously to the surfaces and crevices until their total weight, it is estimated, is equal to about 20% of the weight of the carbon itself.

At that point, the carbon is saturated.

But it can be brought back to useful state (reactivated) by exposure for a specified time to superheated steam, which drives off the condensed impurities. The carbon is then ready for re-use.

That particular characteristic of carbon has been used for years: Marco Polo says that the Chinese used it centuries ago to purify sugar. Back in World War I, people were asked to save peach pits; these, when charred and activated, protected the doughboys from poison gas. Today's activated carbon is a long way from the peach-pit era: Modern processing techniques make carbon, from coconut shells, that is highly efficient as an adsorbent medium.

• **Saving**—What is focusing attention on activated carbon today is its cost-saving possibilities. When you use it in a ventilation system, you don't need to bring in huge quantities of outside air; most of the air can be recirculated. That means you don't waste large volumes of air that have been heated or cooled. Reason, according to the engineers: its remarkable efficiency in picking up contaminants.

Manufacturers engineer the activated carbon into a ventilating system that uses fans to draw the air through a bank of tubes containing the stuff. Air velocity and quantity, number of tubes, and type of carbon, all are carefully planned.

Most recent application: to the Boeing Stratocruiser (picture, page 41). In that compact installation, 75% of the cabin air is recirculated through the filters and carbon; only 25% new air need be brought in. Yet no trace of disagreeable odor in the ventilation is discernible to the passenger.

Right now, W. B. Conner Engineering Co. is readying a new unit that will open still more markets for the material. The idea is to make a compact device, about twice the size of a telephone, with two tubes of carbon and a small motor and blower. That device would be a natural for commercial refrigerators, small dairies, food-transport trucks, refrigerator cars; it would be easy to tote from place to place, would do away with inefficient chemical scrubbing of walls and floors. Right now, it shapes up as a little too expensive for home use. But indications are that a home-type unit isn't too far off.

• **Other Methods**—Air contamination, of course, can be handled in various ways. Those in use today include: (1) reducing air temperature, then condensing out unwanted vapors; (2) washing the air with water, then drying it; (3) pumping ozone into the air; (4) adding neutralizing smells that overpower other odors; (5) using chemicals that break down the odorous gases or that have a dulling effect on the sense of smell; and (6) activated carbon.

• **Uses**—Activated carbon can do more for air than eliminate odors. For exam-



DISPLAYS BY L. A. DARLING COMPANY

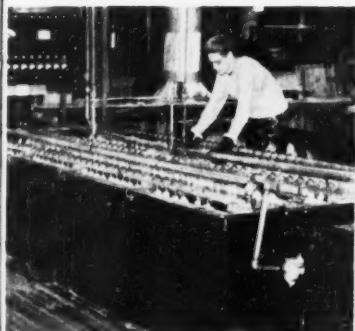
"Beauty Secret" of a garment display rack

● Life for a garment display rack is no soft touch. A hundred times a day, garments are removed and re-racked—the metal hanger-hooks scrape and claw at the gleaming metal surface. How do they keep, month after month, their shiny "like-new" look?

The answer, for L. A. Darling Company, is found in the battery of Udylite plating equipment in action in their Bronson, Michigan, plant. Culmination of years of scientific research, these advance-type machines translate "laboratory exactness" into a mass-production reality. They apply uniform, flawless finishes of great beauty and durability to display racks in volume production. Equally important, they help cut time and costs, and make the most of man-hours and manpower.

There's an idea here for your company. No matter what products you make, if their manufacture involves plating, you'll find it worthwhile to get in touch with one of our technical men, and get his detailed analysis and recommendations. No obligation or cost whatever for this expert technical service. Why not write today? Address: *The Udylite Corporation, Detroit 11, Mich.*

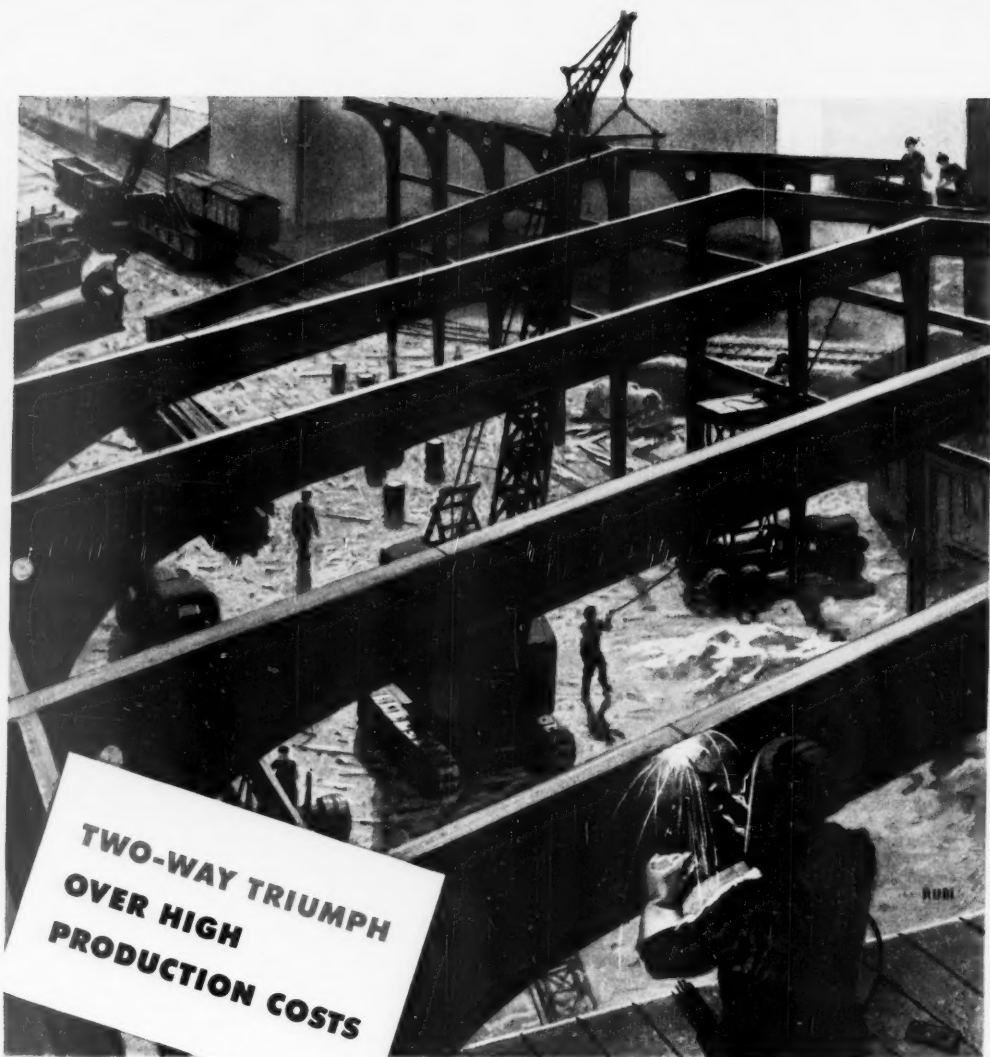
Udylite equipment, like that shown above, provides "custom-quality" plating for products in mass-production.



PIONEER OF A BETTER WAY IN PLATING...

TESTED SOLUTIONS • TAILORED EQUIPMENT
AUTOMATIC CONTROL IN METAL FINISHING

THE
Udylite
CORPORATION



**TWO-WAY TRIUMPH
OVER HIGH
PRODUCTION COSTS**

A SUCCESSFUL twin attack on today's high production costs is being made with electric arc-welding and oxy-acetylene flame-cutting—a modern miracle production team that is winning extra profits all over America's industrial front.

Take electric arc-welding in building construction! Experience shows the labor-saving ratio in steel erection can run as high as four to one in favor of welding compared with any other method. A building with a 100' roof span can be built with a 3'-9" welded truss as compared with an 18' conventional truss. All this means less steel (and other materials), less cost, faster work progress.

Throughout manufacturing, produc-

tion men are turning to the easier, quicker, more economical practice of cutting parts from stock with an oxy-acetylene flame and arc-welding them together into sub-assemblies, assemblies and finished products. The result every time is a lighter, stronger, better and better-looking article.

NCG
EVERYTHING FOR WELDING

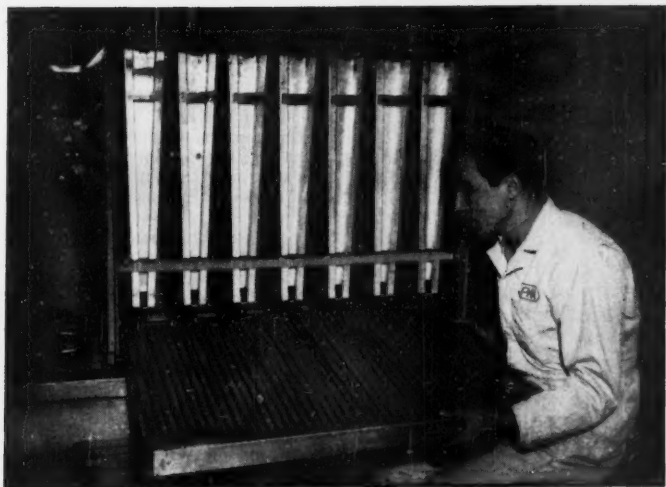
NCG has the equipment, know-how and nation-wide service facilities to put *either or both* of these twin processes to work for you at once. Ready-to-go standard NCG products include Sureweld Electrodes, the brand-new and different Sureweld A-C Arc Welder, Shield-O-Matic Continuous Arc-Welding, NCG Flame Cutting Machines, and Torchweld and Rego Oxy-Acetylene Cutting and Welding Apparatus. Why not benefit from NCG's 30 years' experience solving the very problems you are facing right now?

NATIONAL CYLINDER GAS COMPANY

Executive Offices:

840 N. Michigan Ave. • Chicago 11, Illinois

Corpr. 1949, National Cylinder Gas Co.



IN BOEING STRATOCRUISER, air-conditioning unit can be small because use of carbon permits recirculation of 75% of air. Unit is easily demounted for reactivation

ple, it helps remove the impurities (mostly sulphur dioxide) that tarnish the tiny contacts in automatic telephone exchanges. Such tarnish causes noises in the lines. Again, it is used in libraries to clean the air and preserve rare books and papers.

In another case, a manufacturer of photographic film found his product fogging. The fogging was caused by fumes from a phosphorus plant some miles away; activated-carbon air-filtration took care of that. A bakery located near an oil refinery used carbon to solve a similar problem.

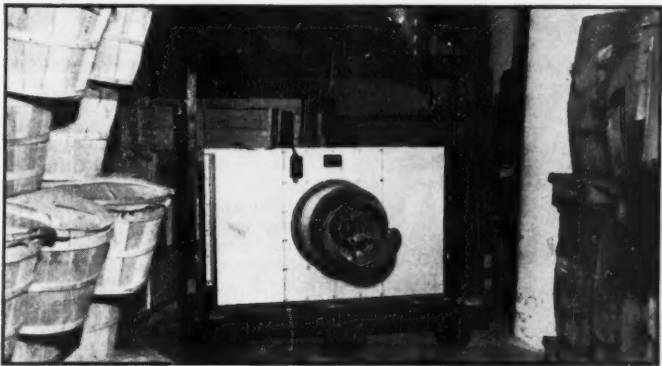
Cabs of cranes that operate in forges and smelter plants are usually enveloped in an atmosphere of sulphur dioxide, smoke, and other toxic gases. Today those cabs are sealed up. The operator breathes a constant supply of fresh air, which passes through a dust filter and

a bank of carbon tubes. In such installations the air can also be cooled.

• **Transportation**—One of the biggest uses for activated carbon today is in the heating or air-conditioning systems of railroad passenger cars. Trains have only a limited capacity to heat or cool air. So most of the air must be recirculated; very little fresh air can be brought in from outside.

The result, with conventional systems, was that the air very soon got that familiar stale, musty odor. But when activated carbon is used in the system, 75% of the air can be recirculated—and it will still smell as fresh as all outdoors. This is true for planes, too.

• **Fruitful Field**—Promoters of activated carbon look on the food field as a promising market. They have devised portable purifiers that can be rolled from room to room (picture, below). Such puri-



PORTABLE PURIFICATION UNIT can be trundled from room to room in commercial fruit and vegetable refrigerator. Activated carbon prevents "swapping" of odors

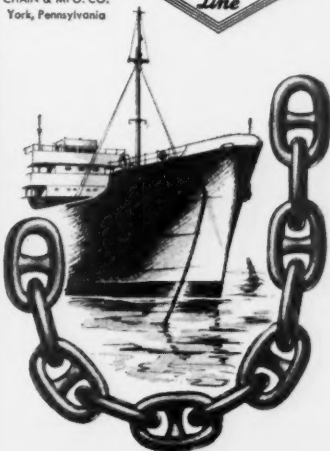
for SWINGS or ANCHORS



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most expensive "lighter" you
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touch off the explosion
which blasts your business
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"Self-Checking Chart"



Safety Can



Oily Waste Can



Safety Vent



Plunger Can

fiers prevent milk, butter, and ice-cream products from getting "tasty" by adsorbing gases from nearby plants, garages, street traffic.

The unit can also be used to lengthen the life of apples in storage. Apples spoil because one bad apple will give off a gas that tends to ripen the other fruit. This cuts down effective storage time, often causes dealers to dump the fruit on the market. For some time now, big fruit merchants have been solving this problem by using the carbon's ability to filter out that gas.

• **Problems**—Right now, manufacturers of equipment that uses the activated carbon are busy pushing new markets. They have a tough row to hoe for three reasons:

- (1) The equipment isn't cheap;
- (2) People have conflicting ideas about "fresh air," sometimes feel that recirculated air isn't "fresh";
- (3) Many cities have building codes that specify the maximum amount of air that can be recirculated.



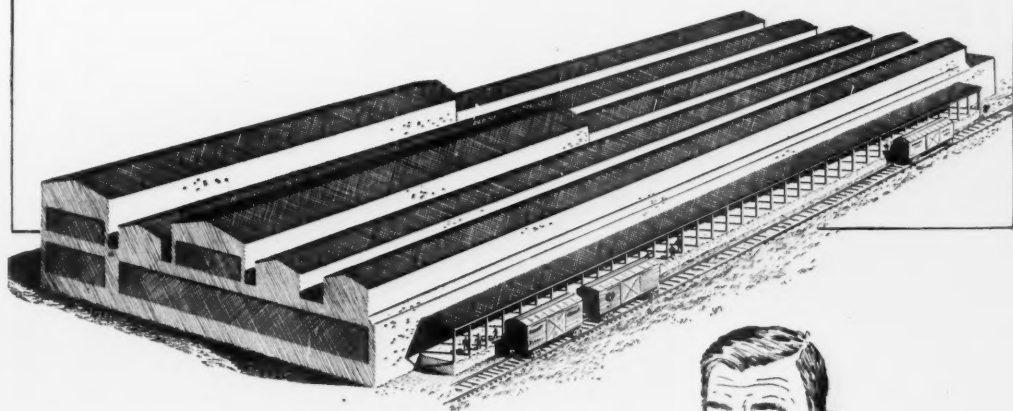
Hydraulic Hatchling

For some time, Petersine Incubator Co., which makes hatchers capable of handling from 1,400 to 84,000 eggs at once, has been after some low-cost automatic means of turning the eggs. Its aim was to make it easier to operate the machines, cut out the human element as far as possible, improve germination percentages still further. This week, the company had the answer: adapt aircraft hydraulic elements to do the job.

The hydraulic device (picture, above) was developed by one of the small, but aggressive, hydraulic-control companies: Electrol, Inc., of Kingston, N. Y. (BW—Sep. 14 '46, p80).

The compact hydraulic unit can be attached to new or old hatchers in just a few minutes. The unit consists of a

"To help meet customer demands"—
AUTO-LITE invests \$3,500,000.00
in plant and equipment in **PENNSYLVANIA**



The Electric Auto-Lite Company, world's largest independent manufacturer of automotive electrical equipment and one of the biggest of all suppliers to the auto industry, is now building a large plant at Hazleton, Pa., to manufacture many types of wire and cable for automotive and industrial use.

• • • • •

Auto-Lite is only one of dozens of big-name companies which are putting millions of dollars into new and expanded plants in Pennsylvania.

Maybe you should have a branch plant in Pennsylvania to tap this rich Eastern market. Write the Department of Commerce, Harrisburg, Pa. for information on available plants, sites, labor forces, markets, taxes, etc.



ROYCE G. MARTIN, Chairman of the Board and President, said: "Auto-Lite has long followed a policy of strategically locating its plants. When possible we like to cooperate with moderate-sized towns where living conditions are good for our people. We selected Hazleton, Pennsylvania, because it is that kind of town; also because it is well situated in relation to major markets and because there is a large number of capable workers from whom we can draw the kind of employees we need."



**IN THE HEART OF THE WORLD'S GREATEST
MARKET WITH OVER 69,000,000 PEOPLE
WITHIN A RADIUS OF 500 MILES**

JAMES H. DUFF, Governor

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Not only do you save sharpening time by writing with a Mongol...you get a hi-strength, Woodclinched lead, too...guaranteed not to break in normal use. The eraser is of finest quality, firmly gripped in a metal ferrule.

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CENTURY OF LEADERSHIP



pump and motor that supply oil under pressure to a hydraulic cylinder. The device is actuated by a time clock, preset by the hatcheryman. Every few hours, pressure oil is supplied to the cylinder. The oil moves the piston, which is attached to the egg-turning lever, by a preset amount.

Compost Is Made From Textile Waste

A new organic compost, made from textile waste, is about to be pushed in northern markets. The product—called Humex—has already been made and sold successfully in the South. Chief pusher is a firm called Greengrow, Inc., Spartanburg, S. C. It announced plans last week to build a series of local plants in the North to process organic wastes into fertilizing compost.

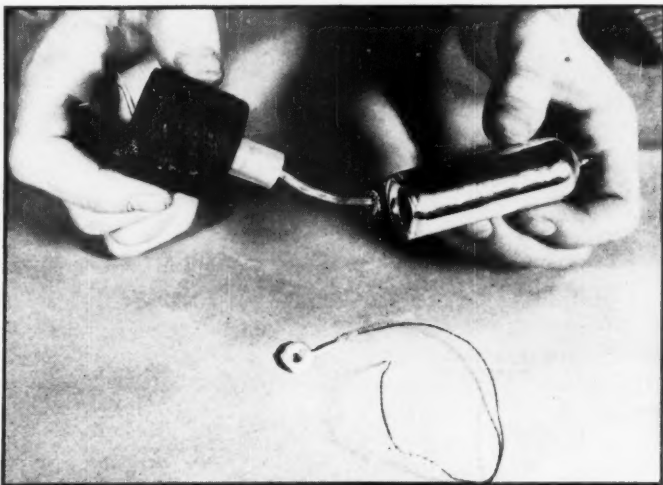
• **Parents**—Greengrow is the joint venture of a textile mill and a textile-waste processor: Borden Mills, of Kingsport, Tenn., and Green Textile Associates,

Inc., of Boston. The latter company owns the Carolina Fiber Mill, at Spartanburg, S. C., where 30,000 lb. of the waste are being processed daily.

According to plans announced last week, Greengrow will have a plant operating in northern New Jersey in a matter of weeks. From there, it expects to push on into Michigan and other areas. In addition, it is ready to license the process to interested waste converters.

• **Method**—The compost is made by treating waste with hungry bacteria, kept alive and busy eating by injections of nitrogen and other gases into the mass as it "cooks." The process will work with any organic waste material: cotton, jute, hemp, ramie, sawdust. It doesn't cost much to set up; \$25,000 will furnish a 100-ton-a-day plant.

According to Arthur B. Borden, vice-president and treasurer of Greengrow, the process merely speeds up nature's method of making topsoil. The resulting product, spread on a lawn or field, holds water, feeds it slowly into the ground along with the chemicals that help plants grow.



Tiny Airborne "Teakettle" Tells Altitudes

Way back in high-school physics you probably learned that the boiling point of water decreases as altitude above sea level increases. Now General Electric Co. engineers are applying that principle to measure the altitude reached by weather balloons. The device is called a hypsometer; it consists of a tiny vacuum bottle holding five thimblefuls of liquid, a button-sized heating element, and a gadget called a thermistor (which changes its electrical resistance as temperature changes).

Here's how the hypsometer works. Heat is applied to the liquid only once,

at sea-level. When the liquid (carbon disulphide) is brought to a boil, the weather balloon is sent on its way. The liquid continues to boil, because boiling point drops as the balloon goes higher. The temperature-sensitive thermistor, surrounded by the vapor given off by the boiling liquid, gives out an electrical signal that is radioed to the ground. That signal is translated on the ground into a measure of altitude. The device works for altitudes up to 30 miles, replaces bellows-type instruments that were found to become inaccurate at high altitudes.

PRODUCTION BRIEFS

Turbo-hearth process developed jointly by U.S. Steel and Jones & Laughlin turns out steel of open-hearth quality in a Bessemer-type converter. It's done by shooting jets of air across the surface of white-hot liquid pig iron. The method, it is claimed, makes it possible (1) to use acid-lined vessels, and (2) melt larger amounts of scrap with the extra heat generated.

Alkali-resistant floor enamels with rubber-compound base have been added to Pittsburgh Plate Glass Co.'s line of paints. They're meant particularly for use on interior cement floors around chemical tanks and bottling machines.

Firms with military contracts may find a new Navy Industrial Assn. booklet helpful. For "Armed Service Procurement Regulations Dealing with Patents and Copyrights" write to 110 William St., New York 7.

Production of tiny bearings for ball-point pens has been speeded up by SKF Industries. New trick of enclosing the ball point in the ink-replacement container has boosted the market. One ounce of bearings (7,000 of them) sells for \$55—the same price as gold.

Truck tire with nylon cord in place of rayon is now being made by Firestone. Company says nylon has greater impact break resistance and body strength, gives more ton-miles.

No loss of time through injuries has bothered the 2,400 workers at du Pont's Martinsville (Va.) plant for the past 82 months. That, thinks du Pont, may be a world record for safe man-hours.

Phenol-producing plant will be built by Bakelite near Marietta, Ohio, in the neighborhood of parent Union Carbide & Carbon's \$50-million industrial development (BW—Apr. 30 '49, p53). Production of phenol from chlorobenzene by a patented process is to begin late in 1950.

To make more TV tubes, G.E. is spending \$1-million expanding its Syracuse (N. Y.) plant. The new facilities will concentrate on 8-in. picture tubes.

How to go about organizing standardization work within your company will be the point of a five-day seminar given by the American Standards Assn. (Jun. 20 to 24). You will also be briefed on the techniques used in standardizing product design, manufacturing processes, inspection, quality control.



Why not make a test of noise-quieting?

If you've wondered what effect sound conditioning would have in your place of business, make this practical test:

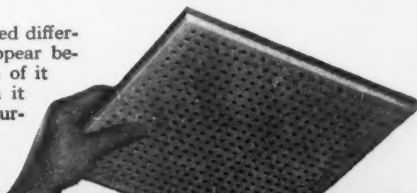
Have Armstrong's Cushion-tone® installed on the ceiling of one small office that presents a noise problem. It can be done quickly, with little interruption of business routine—frequently for as little as \$100.

You'll notice a marked difference. Noise will disappear because as much as 75% of it will be absorbed when it strikes the perforated surface of Cushion-tone.

Work will be done more efficiently in the new quiet atmosphere.

To make this test and see what a difference Cushion-tone makes, get in touch with your Armstrong acoustical contractor.

WRITE FOR FREE BOOKLET, entitled "What to do about Office Noise." Armstrong Cork Company, 4905 Walnut Street, Lancaster, Pennsylvania.



ARMSTRONG'S CUSHIONTONE



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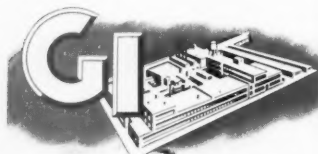
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Why? Because the sole purpose of General Industries' confidential *Cost-check* service is to enable you to produce better products at lower cost... through careful analysis of your preliminary blueprints *before* your product has passed the drawing-board stage.

In *Cost-checking* your drawings, General Industries' experienced engineers carefully coordinate the requirements of *utility, design, appearance and cost* of the finished product. Their resultant recommendations are based on sound, economical molding practices and a comprehensive knowledge of plastic materials.

General Industries—one of America's oldest and largest custom molders—offers you this service without cost or obligation. For an actual demonstration of what *Cost-checking* can mean to you, send your blueprints *today*.

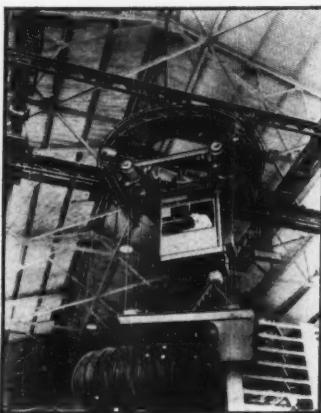


THE GENERAL INDUSTRIES CO.

DEPARTMENT Y

ELYRIA, OHIO

NEW PRODUCTS



Flexible Carrier

If handling heavy materials in your warehouse calls for a lot of tilting and turning, you might want to take a look at the rotating crane developed by the Cleveland Tramrail Division of Cleveland Crane & Engineering Co., Wickliffe, Ohio.

The unit has all the travel motions of an ordinary crane, plus a rotating carrier that operates on a circular track built into the trolley. The carrier also has two separate hoists for tilting operations.

The crane is controlled by the operator from a cab attached to the carrier. Besides running the crane the length or width of a building, he can turn the carrier clockwise or counterclockwise through complete turns or short arcs. The hook can be raised, lowered, or tilted upward or downward by separate or simultaneous operation of the hoists. A safety switch in the cab will stop all motions in case of emergency.

You can get the carrier with weight capacities and speeds to meet your particular installation. Variations of the equipment can be designed for specific materials-handling problems.

• Availability: four months.

Plastic Gage

Mastercraft Products thinks it has come up with a couple of improvements on the old column-type, liquid-level gage. Mastercraft's gage fits on a standard 55-gal. drum; a threaded "T" fitting makes installation and changes quick and simple. If the gage breaks, an internal device shuts off the flow of liquid.

Two lengths of transparent shatterproof plastic tubing—one inside the other—make up the Tru-Oil-Gage. Liq-

uid feeds from the drum through the "T" fitting.

Red calibrations on the outer tube, and a red cork which floats inside the inner tube measure the contents of the drum.

According to the manufacturer, the gage can't be used with chemicals that damage plastics, or at temperatures above 145F. The company is at 60 South St., Boston 11.

• Availability: immediate.

High-Frequency Heater

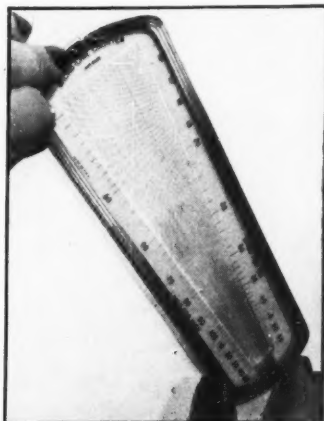
If you want to cut rejects and save time in molding rubber and plastics, Thermex Division of Girdler Corp. thinks preheating the material with its Model 15R heating unit will help.

The high-frequency dielectric heater raises the temperature of 10 lb. of material from 70F to 250F in 1 min. Larger loads take slightly longer. A hand wheel on the front of the 37x37-in. cabinet quickly adjusts the height of the electrodes when you handle loads of different thicknesses.

The unit is fully portable and air-cooled. Oscillator, preheater, and rectifier sections are in self-contained cabinets. They are mounted one above the other for quick repair and maintenance.

Thermex Model 15R is certified to meet Federal Communications Commission regulations. The company is at 224 E. Broadway, Louisville 1, Ky.

• Availability: four weeks.



Weavers' Line Counter

Micro-Line Counter instantly tells the number of picks per inch of a fabric, says its manufacturer, Micro-Lite Co., Inc. (A pick is the measure of fine-



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● "THE AMERICAN RUHR" it may well be called—the once quiet farmland of the Ohio valley that now is a humming center of industrial activity.

For your new plant, here are rich resources that offer untold possibilities—coal, petroleum, natural gas, water, salt and salt brines, clay. Transportation is excellent . . . power utilities are expanding fast.


But . . . it takes a trained staff to coordinate all factors involved and relate them properly to your specific needs. So we invite you to tell us your requirements. The B & O Industrial Development staff then will submit, *in confidence and without obligation*, a custom-made study—your "ticket" to America's greatest "site" show!

Ask our man! Industrial Development representatives are located at: New York 4, N.Y. Baltimore 1, Md. • Pittsburgh 22, Pa. • Cincinnati 2, Ohio • Chicago 7, Ill.



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Your production drops when your employees are exposed to improper "working" light. Tired eyes actually cost you money — money you can save by installing Smithcraft Fluorescent Fixtures. Engineered to put more glare-free light in the working zone, Smithcraft Fluorescent Fixtures are recognized as America's finest Lighting Units. You increase production — and profits — when you specify Smithcraft for your plant and offices.

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Elliott **ADDRESSING**
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151-K Albany Street, Cambridge 39, Mass.
Established 1898 • Rated A.A.A.-1

Our booklet describes 28 models, \$45 to \$18,000

ness of a weave in a fabric.) With the instrument, cloth inspectors can determine whether the loom is meeting fabric specifications; dyers, bleachers, and printers can estimate the amount of shrinkage after fabrics are processed.

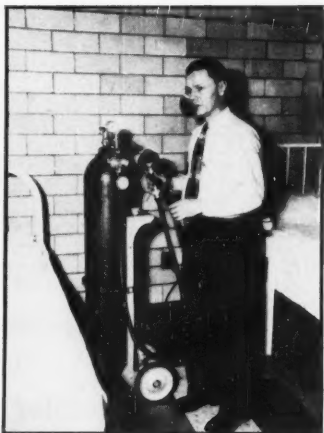
The counter will also check the weave of wire cloth, or the screen of a half-tone engraving.

The lined, transparent device is placed on the material, turned until it produces an irregular pattern of lines through an optical illusion. Where the lines converge at a point, an exact count of the fabric can be read on the scale. The weave is measured either in picks per inch or in picks per centimeter.

The counter is calibrated from 40 to 150 lines per inch. By multiplying or dividing by 2, the scale is lowered to 20 lines, or extended to 300 lines.

The company is at 44 W. 18th St., New York 11, N. Y.

• Availability: immediate.



Industrial Respirator

Companies that want to expand their hospital or safety facilities may be interested in the Pneophore. It's an apparatus that administers oxygen to victims of electric shock, irritant gases, or carbon-monoxide poisoning.

The unit has a double-acting valve that supplies oxygen to the lungs under intermittent pressure. When lung capacity is reached, the valve shuts off the oxygen, and muscular reaction allows the patient to exhale. The manufacturer says this method eliminates the hazard of damage to delicate tissues by suction.

Clinical tests show that first-aid treatment can also be given to employees suffering from heart attack, asthma, or respiratory ailments. The manufacturer: Mine Safety Appliances Co., Braddock Ave., Pittsburgh, Pa.

• Availability: immediate.

Temperature Control

Taco West Corp., 515 N. Noble St., Chicago, has a new control that varies the temperature of an oven or refrigerator according to a preset schedule.

The top half of the Model CPR Program Controller contains electronic equipment that is hooked up to the oven; it operates the heating elements. A large-size scale on the face of the control tells you the inside temperature.

The lower half of the control has a mechanism that tells the upper half how high or low to set the temperature, and when to set it. An irregular-shaped cam, connected to the lower half, rotates against a flexible arm that varies the operation of the electronic heating control at the top of the unit. The user shapes the cam by cutting it so that it produces the time and temperature cycles required for oven operation.

The manufacturer recommends the control for heat-treating, baking, plastic-forming, and refrigerating installations.

Standard and special temperature scales range from -300F to 3,400F. The unit can be mounted flush against a wall or switchboard.

• Availability: immediate.

P. S.

Power-distribution line will cut drops in voltage on two- and three-phase plant systems. The line, called the Feed-In Duct, has improved balance and symmetry; on a 1,200-amp. load, it reduces the voltage drop to 2 v. per 100 ft. Square D Co., Detroit, makes the line in ratings up to 4,000 amp.

Pint-size berry baskets, made of perforated plastic, are put out by Allied Plastics Co., 6231 S. Manhattan Pl., Los Angeles 44. Perforations around sides and bottom ventilate the berries, keep them fresh. The basket fits into the same amount of space as the conventional wood type.

Outside paints, made with Reynoldized Aluminum Pigments, protect wood and other organics against rot and molds. They stand up equally well in arid and in extremely humid climates. If you mix 2 lb. of the pigment into 1 gal. of aluminum-paint base, you will have a paint tough enough to weather the worst climate, says the manufacturer, Oroline Products Co., 122 E. Illinois St., Chicago.

Hook holds electrodes for electroplating; it won't corrode or break down, can be used over and over again. The manufacturer: Udelite Corp., Detroit.

An automatic defroster for refrigerators doubles as an electric clock. It turns the refrigerator off at 1 a.m., automatically switches it back on after the ice coating has melted from the freezing unit. Dorav, Inc., of Collingswood, N. J., makes it.



Republic's Suction Hose has been designed to meet the requirements of industry everywhere. Whether it be for clear or acid mine water, gritty material in suspension, or whether it be for dredging operations in shell or rock formation, Republic's line is complete.

Every finished product reflects the pride of personal accomplishment by the Republic men and women who make it.

Why Industrial Users, Contractors and Farmers prefer Suction Hose made by Republic

If you buy pumps, the chances are you use suction hose.

There's a Republic Rubber brand and grade of suction hose for every requirement. Republic Interwoven is a good general purpose hose. Each alternate filler strand of its reinforcement consists of a high tensile wire. Aero brand performs well for agricultural work. Target meets the need for heavier construction operations. For severe conditions, you'll

find Tower hose will give top, long-life service.

Remember too, Republic-made suction hose has been used on the world's largest projects, as well as for thousands of routine industrial enterprises.

A nation-wide chain of distributors of industrial supplies sells Republic Rubber suction hose. Write or mail the coupon for the name of the Republic distributor in your territory.

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REPUBLIC RUBBER
DIVISION

HERE'S WHAT REPUBLIC RUBBER DISTRIBUTORS DO FOR YOU



Wm. A. Haseltine, President
J. E. Haseltine & Co. (Distributors)
2nd Ave. and Ash St.
Portland, Oregon

Consider the "actual" cost of your inventory in contrast to the price paid. An authoritative analysis of costs will probably show you that 20% of the original price should be charged off on many items, due to change in product, deterioration, etc. Distributors of industrial supplies can save you this 20% and many other expenses on most items you purchase.

Mr. Haseltine is one of many Republic Rubber Division distributors. By selling hose, transmission belting and conveyor belting, only through industrial supply distributors such as the J. E. Haseltine Company, the Republic Rubber Division can give you better service . . . So why don't you write or mail the coupon? We'll give you the name of a Republic distributor who will serve you well.



Here's a folder which shows many ways to reduce purchasing costs. Want one? We'll send it with our reply to your letter or coupon.

WHO REPRESENTS REPUBLIC IN MY AREA?

REPUBLIC RUBBER DIVISION
Lee Rubber & Tire Corporation
Youngstown, Ohio

Name and Title _____
Firm _____
Address _____
City _____ State _____

Where good
weights



REMEMBERING

676
767
677?

RECORDING

WEIGHT TICKET

312

go bad!

You take a chance as long as human eyes must read . . . human minds must remember . . . and human hands must write weight figures! Human errors at weighing points directly affect your costs, profits and customer relations. Stop these losses now with PRINTED weights—today's better way to weigh!

PRINTWEIGH STOPS HUMAN ERRORS

Toledo PRINTWEIGH Scales give you big, clear printed figures . . . accurate printed records of each weighing operation . . . positive assurance that your weight facts are right every time! Prints on thick tickets . . . on large or small sheets . . . on strips . . . with extra copies. Split-second speed! Keeps weight records right in receiving, shipping, stock rooms, batching and many other weighing operations for industry. Write for bulletin 2021. Toledo Scale Company, Toledo 12, Ohio.



TOLEDO
HEADQUARTERS FOR SCALES

READERS REPORT:

Investment Trusts

Sirs:

Your article entitled "Investment Trusts Grow Fast" [BW—Mar. 26 '49, p93] is a very fair presentation of the subject.

I should like to call to your attention the fact that we, as investment counsel, operate two investment trusts which have absolutely no loading charge. We have no sales force, nor do we promote distribution of the shares in these funds except as information may get about through satisfied shareholders. Some of the banks who know of our operation use the funds in some of their portfolios but, as there is nothing in it for the brokers, their recommendations are not too numerous. . . .

E. KEDALL GILLET

LOOMIS SAYLES & CO., INC.,
BOSTON, MASS.

Sirs:

I read your article on investment trusts with great interest. . . . You say one trust has been set up to deal in commodities and commodity futures exclusively.

Would you kindly tell me the name and address of this firm?

MARTIN FISHER

FISHER FOODS, INC.,
BOSTON, MASS.

• The trust confining its investment portfolio to commodities and commodity futures is Futures, Inc., of 60 Broad Street, New York, N. Y.

British Viewpoint

Sirs:

We were very interested to see your photographs depicting our methods of producing Goblin jet engines alongside the methods employed by General Motors for producing the Allison engine [BW—Mar. 12 '49, p101]. In these, and the article which followed them ("Problem: British Productivity"), there is much that is true and to the point.

One all-important fact, however, is omitted; namely, that our production quantities are smaller than those on which General Motors are working. If our quantities were as large as theirs we should employ methods comparable with theirs. It is just a little disappointing to us that Business Week does not give the de Havilland Co. credit for choosing manufacturing methods which are best suited to the quantities ordered. Like every other problem, industrial and



"I heard what you said about ROEBLING!"



YOU SAID ROEBLING doesn't make electrical wire and cable, but I happen to know better. They make almost every kind, from tiny magnet wire to metallic armored cables of highest voltage capacity."

★ ★ ★

The fact is, Roebling makes wire and wire products for an extraordinary range of uses . . . products of vital importance in communication and transportation, in construction, manufacturing, mining, logging, oil operations and the whole field of industry. And just as Roebling made the first wire rope in America, its four big plants in and near Trenton, New Jersey, lead today in developments that bring new efficiency and economy wherever they are put to work.

WOVEN WIRE FABRICS. Roebling makes a full line of industrial screens, from large, rugged Aggregate types to Filter Cloths of the finest weave. Roeflat construction greatly boosts screen working life . . . wires of special steels and non-ferrous metals provide maximum corrosion resistance.

WIRE ROPE. Roebling makes wire rope of every type . . . is always ready to help owners and operators choose the *right* rope for longest, low-cost performance. Roebling Preformed "Blue Center" Wire Rope is outstanding for easy handling and smooth operation.

ROUND-FLAT-SHAPED-WIRE. Roebling high carbon wire is absolutely uniform in gauge, grain structure and finish. Manufacturers find that Roebling wires minimize machine stoppages and rejects . . . effect savings in production costs.

ELECTRICAL WIRE—CABLE—MAGNET WIRE. There are more than 60 standard types in Roebling's line of electrical wire and cable . . . meeting virtually all transmission, distribution and service requirements . . . With insulation 10 to 40 times tougher than other insulation, Roevar Magnet Wire is unequalled for high speed winding.

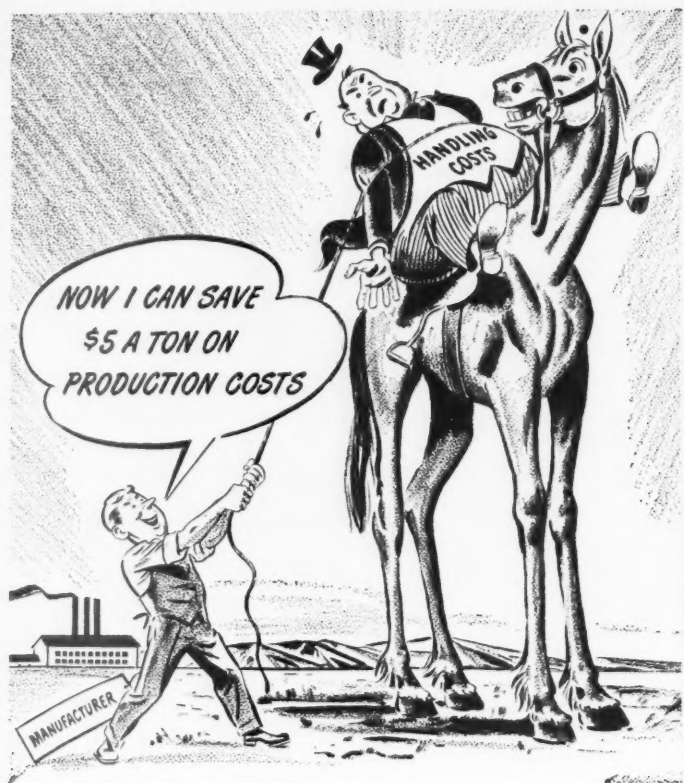
★ ★ ★

Get full information about the Roebling products that might cut costs and improve your own operations. Write or call your nearest Roebling branch office. John A. Roebling's Sons Company, Trenton 2, N. J.

BRANCH OFFICES: Atlanta, 934 Avon Ave. ★ Boston, 51 Sleeper St. ★ Chicago, 5525 W. Roosevelt Rd. ★ Cleveland, 701 St. Clair Ave., N. E. ★ Denver, 1635 17th St. ★ Houston, 6216 Navigation Blvd. ★ Los Angeles, 216 S. Alameda St. ★ New York, 19 Rector St. ★ Philadelphia, 12 S. 12th St. ★ Pittsburgh, 855 W. North Ave. ★ Portland, Ore., 1032 N. W. 13th Ave. ★ San Francisco, 1740 17th St. ★ Seattle, 900 First Ave. So.



ROEBLING
A CENTURY OF CONFIDENCE

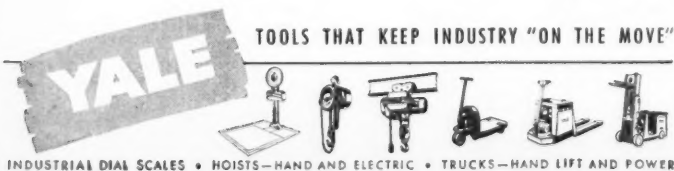


Get Him Off His High Horse . . .

HIGH-RIDING handling costs have controlled production costs far too long. But whenever a manufacturer pulls them down, real savings show up in a lot of ways. For example, a steel casting producer* in Pennsylvania put Yale Electric Fork Trucks to work in his cleaning and finishing departments. As a result, tonnage shipments increased 38%, the average order went up 54%, production costs were reduced \$5 to \$7 a ton, and new plant construction costs were held down.

Whether you make axes or automobiles, the planned application of Yale Material Handling Machinery can reduce your production costs. If you want to learn how, write for *The HOW Book of Cost-Cutting Material Handling*. Mail your request for this practical guidebook to The Yale & Towne Manufacturing Company, Department X-3, Roosevelt Boulevard, Philadelphia 15, Pa.

**Name on request.*



otherwise, it is the question of seeing the whole picture, and not restricting one's vision to part of it. During the recent war we had large quantities of aircraft and engines to produce, and the general opinion here—arising out of our close liaison with American manufacturers and with our own Canadian plant during those strenuous years—was that British production compared favourably with American production from the point of view of cost and from the point of view of man-hours. . . .

MARTIN SHARP
DE HAVILLAND ENGINE CO., LTD.
HATFIELD, HERTS
ENGLAND

AEC Catches Up

Sirs:

You published a statement to the effect that the Atomic Energy Commission is so far behind in its correspondence with prospectors who think they have found uranium that some inquiries go unanswered as long as five months [BW—Apr. 2 '49, p. 16].

While it is true that we have had a great influx of inquiries (over 5,000 since April, 1948, when the Raw Materials Program was announced) which caused a considerable backlog, we are today up to date on all letters and acknowledgments of receipt of samples. Prospectors who write or send samples can expect to receive a reply in about two weeks. Since in many cases the samples require extensive study, results of analysis may take longer, but in any case acknowledgment of receipt of the sample will be received by the prospector in about two weeks.

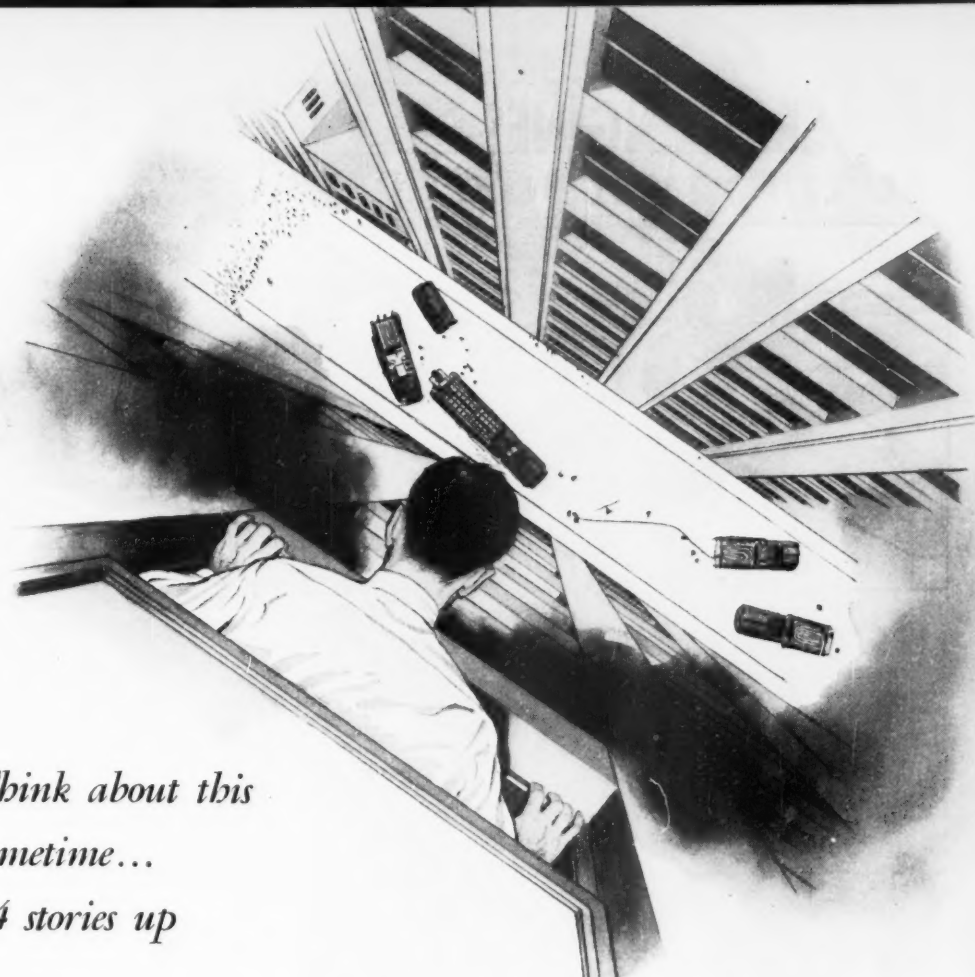
PHILLIP L. MERRITT
RAW MATERIALS OPERATIONS,
ATOMIC ENERGY COMMISSION,
NEW YORK, N. Y.

Hospitals That Pay

Sirs:

As you say in your report on making the Doctors Hospital in Cleveland show a profit [BW—Feb. 19 '49, p. 30], a hospital that keeps out of the red is a rare specimen. However, I have never been convinced that such a condition is necessary.

In Rochester, Minn., there are a number of hospitals, probably 10 or 12, all privately owned and operated and all making money. They receive no aid from the local Community Chest, and at least one hospital actually contributes to the Chest. Their equipment and service are unsurpassed anywhere, and seldom equaled, because they must conform to the standards of the Mayo Clinic, which is located in that city. In addition, the expense to the patient



*Think about this
sometime...
14 stories up*

IN THE PAST you've probably looked from some high window, and wondered what would happen if you were trapped by fire. But the chances are you never thought it could really happen to you!

But it *could* and *might* happen to you. And here's how.

Granted that your favorite hotel is made of steel and concrete and it will not burn. It is "fireproof". But its contents *are not*. It is like a furnace, with fuel at the bottom—perhaps flammable wastes and stored goods of all kinds in the basement. And like a furnace, when ignited, the flame is at the bottom, but the heat goes to the top. Red hot gases surge through elevator shafts, vents and passageways, carrying destruction upward.



YES, IT CAN HAPPEN TO YOU, or anyone, for as long as people are human and careless, there is no way to prevent such fires from *starting*...

But such fires can be *controlled*. Needless destruction and loss of life can be *prevented* by checking fire at the source,

when it starts, with Grinnell Automatic Sprinkler Systems. Seventy years experience show that close to 100% of fires starting in buildings protected by Grinnell Sprinkler Systems are extinguished before doing material damage.



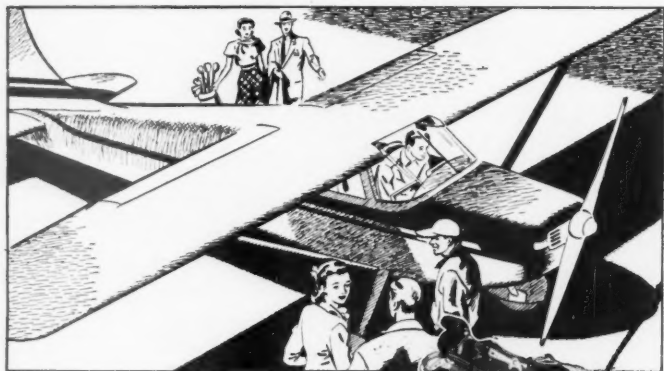
SEE THAT GRINNELL SPRINKLER HEADS ARE ON GUARD!

In hotels, schools, hospitals, theatres and factories, there is a moral obligation upon management for the utmost in protection of life and property. For your own sake be sure the hotel, the plant, the schools for which you are responsible are protected with the famous Grinnell Automatic Sprinkler heads—your assurance of protection against fire. Grinnell Company, Inc., Providence 1, Rhode Island.

GRINNELL

AUTOMATIC FIRE PROTECTION SYSTEMS

RED SEAL ENGINES BUILT FOR THE JOB!



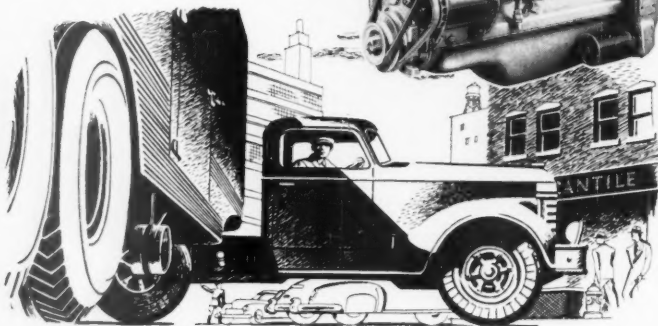
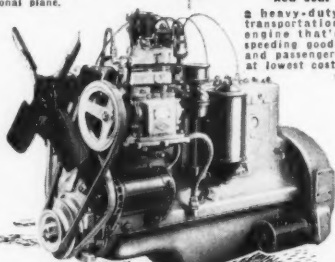
FIRST CHOICE!

The great majority of all personal and executive planes are powered with Continental aircraft engines. The completeness of the Continental line, from 65 to 185 h. p., has made possible the designing of planes to meet every need of private flying. Thousands of executives, salesmen, and other business men who have occasion to travel find that they save time and money, and minimize fatigue, by using one or another of today's fine personal type planes.

E165
Continental
the 185 h.p. engine
that holds the non-
stop flight record
of nearly 5,000
miles in a per-
sonal plane.

U-6427
Continental
Red Seal

a heavy-duty
transportation
engine that's
speeding goods
and passengers
at lowest cost



FIRST in Parts and Service, too . . .

Just as Continental aircraft engine parts are as near as the nearest airport, so maintenance service for Red Seal transportation, industrial, farm and oil field engines is "just around the corner," no matter where you go. And Red Seal engines are designed for fast, low-cost servicing, besides being **built for the job**.

Continental Motors Corporation
MUSKEGON, MICHIGAN

is less than it is in any other first class hospital that I have heard of.

W. J. FITZGERALD

SCRANTON, PA.

Sirs:

... Hospitals are in real need of good, sound business management, and businessmen, given a free hand, can do much to improve a hospital's situation.

The outstanding fact about Cleveland's Doctors Hospital is that its percentage of free work amounts to only 7%. This compares with approximately 35% for my own institution. I could only ask that our own percentage of free work be limited to this amount, and we too could show a profit.

You state that the proof of the financial success of Doctors Hospital lies in the total cost of conversion, which amounted to \$3,000 per bed. This is a reasonable figure in the light of today's costs, without any doubt, but it is not at all unusual considering the fact that the building which houses the hospital was already constructed. In our own institution, in 1948, we converted 36 ward beds to 52 semiprivate and private beds, at a cost of \$1,000 per bed. It would seem to me that the conversion cost of \$3,000 per bed at Doctors Hospital was due less to the businessmen's touch than to the fact that the building was already built, and the only requirement was to rearrange internal layout.

In the final analysis, balancing the hospital budget requires that every patient in the hospital pay his own way, whether the money comes from the individual's own finances, the voluntary Blue Cross plans, or from local governmental units, who are responsible for the hospitalization of the indigent and the medically indigent. The weakest link in the chain today is that too many local governmental units do not pay for the indigent and medically indigent at rates which are adequate to cover the costs involved. Hospitals with a large percentage of free work cannot hope to survive without adequate payments from these bodies.

DAVID R. KENTON

ADMINISTRATOR,
WEST JERSEY HOSPITAL,
CAMDEN, N. J.

Sirs:

... The article leads one to believe that current hospital deficits are largely due to poor administration and the failure of hospitals to adopt methods successfully used in business. I do not feel this to be true. The majority of hospitals are continuously adopting methods and systems which have been proved successful in business and can be applied to hospital administration. I feel that current deficits are due largely to the failure of county, city, and state governments to accept their responsibility in

the handling of indigent cases. Many hospitals are obligated to take charity cases and then are paid at a rate much lower than actual cost for the services rendered these patients. They are then forced to try to make up this difference from paying patients which is not easy to do in these times of high costs.

The article mentions \$10 a day for ward beds to \$15.50 a day for semiprivate which, I believe, is a good deal above the national average for such accommodations. In this hospital, our ward rates are \$6.50 and semiprivate \$7.50 per day.

The article also mentions a 7% charity case load. I wonder what effect it would have on the profit-and-loss statement should this increase to 20% or more, as is the case in many hospitals which are currently showing a large deficit.

I am not trying to infer that the Doctors Hospital in Cleveland is not doing a good job; but I feel that many people reading the article will feel that many other hospitals are not being well managed, while their deficits are caused by some of the circumstances mentioned above.

R. H. THOMAS

MANAGING DIRECTOR,
GRACE HOSPITAL,
RICHMOND, VA.

• Our purpose, of course, was not to minimize the work of the many capable hospital administrative people in America, but merely to show through one example how much can be done by good hospital administration.

Doctors Hospital accepts every patient who comes to its doors for help, regardless of ability to pay. The number of charity cases is on the increase.

The local Cleveland hospital situation has something to do with the seemingly low percentage of charity work done at Doctors Hospital. All the charity work done at the hospital is 100% charity. Other hospitals in Cleveland and Greater Cleveland are helped by the Community Fund, which donated about \$600,000 for charity cases in 1948.

Doctors Hospital is several miles from downtown Cleveland. Police emergency cases (frequently charity cases) usually are taken to the nearest hospital, so this may account in part for the difference in percentages.

It is true that rates at Doctors Hospital, as at other Cleveland institutions, are above the national average. Doctors Hospital rates are comparable with rates in other first-class Cleveland hospitals. Rates are somewhat difficult to compare, due to differences in the services included in any particular rate, but one of the prime long-range objectives of Doctors Hospital trustees is to cut costs so that the rate trend can be held steady or shifted downward.

Red Ball Freight

on the Santa Fe



Diesel power, improved freight equipment and skilled employe handling is the combination that gives dependable *Red Ball Service* for shipments routed via Santa Fe.

Whether you are shipping fruits, vegetables, livestock, petroleum or general merchandise, *Red Ball Service* via Santa Fe all the way is the fastest and most dependable way of shipping your freight.

For details on how we can serve you, see your Santa Fe freight representative.

Ship via
Santa Fe all the way

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*Look to these names for Leadership
in the*
AGE OF MICROFILM

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The Bell & Howell Recorder permits 8mm images on 16mm film for double economy... can photograph both sides of a document simultaneously... can place on one 100-foot roll of film a greater number of images than was formerly possible. Documents can be fed by hand, or with automatic feeders, at speeds never before possible. Anyone can operate the recorder with a few minutes of instruction.

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The Bell & Howell Reader is a marvel of simplicity for showing a clear, readable image—enlarged to the actual size of the original document, or larger—even when used in a brightly lighted room. While seated at the reader, the operator can rewind, focus, scan and load films quickly and easily. Photographic facsimiles, to actual size, can be made in a few minutes without the use of a darkroom.

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Burroughs and Bell & Howell have joined forces to bring business the full advantages of a highly versatile, very economical business tool . . .

It is *microfilm*, the logical successor to the vast bulk of paper documents, in transit and in storage, on which most businesses depend for the record of their transactions.

Microfilming, as accomplished by modern Bell & Howell equipment and applied to business needs by trained Burroughs representatives, offers impressive benefits. It saves space—can be stored in 1/100 of the space required by original documents. It saves time—replaces laborious duplicating of records with split-second photography. It eliminates errors—is photographically accurate.

Burroughs offices can now offer the most practical microfilming assistance. Bell & Howell microfilm equipment, built to standards of precision and dependability that have made Bell & Howell the recognized leader in the field of photography, is advanced in design, simple in operation. Burroughs counsel and cooperation is founded on complete familiarity with business procedures, providing careful integration of microfilming into the over-all business system. And Burroughs' worldwide service organization gives final assurance of continuing, continuous microfilming satisfaction through efficient equipment maintenance and prompt film processing.

Bell & Howell microfilm equipment is now distributed and serviced exclusively by Burroughs. Your Burroughs office will be glad to discuss the application of microfilm to your business needs.

BURROUGHS ADDING MACHINE COMPANY
DETROIT 32, MICHIGAN

Quick Processing!



Exposed spools of microfilm are quickly and efficiently developed at Burroughs processing centers and promptly returned for immediate use. Large volume users who prefer to develop their films on their own premises find the Bell & Howell Automatic Processor simple and easy to use. It's fast, too! In a few minutes, a roll of film is processed, dried and spooled, automatically.

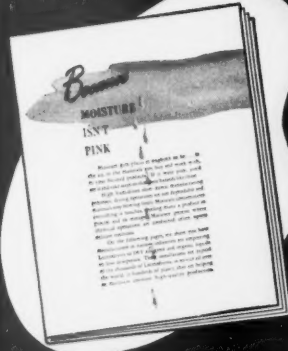
Bell & Howell microfilm equipment is based upon a new principle of recording, which doubles the efficiency and halves the cost of microfilm for many business purposes.

T H E R E ' S

Burroughs



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HOW



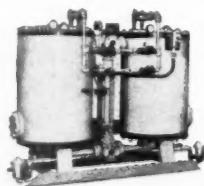
to DRY air, gases
and organic liquids

You can profit by seeing how other companies employ Lectrodryers to get rid of troublesome moisture. This new booklet pictures dozens of installations and gives data on them. You may have a copy.

No need for your men to take valuable time to figure out ways of removing unwanted moisture from air, gases or organic liquids. Our engineers have been solving such problems for years. There's probably a standard Lectrodryer ready to handle the job efficiently and economically.

Ask for Bulletin 216. And for other DRYing help, write Pittsburgh Lectrodryer Corp., 300 32nd Street, Pittsburgh 30, Pennsylvania.

Lectrodryer for
DRYing under
high pressures.



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REGISTERED TRADEMARK U. S. PAT. OFF.

EXECUTIVE OPINION



RURAL MANUFACTURER David Vance says if wage minimums reach 75¢ he will . . .

"Shut Down or Go Broke"

Owner of Tar Heel Mica Co. says that even a 60¢ minimum wage would cripple him, 75¢ would be ruinous.

Most of the debate over the Administration proposal to raise legal minimum wages has had a theoretical air. That's because the present 40¢ an hour minimum is far below prevailing rates; even the proposed 60¢-75¢ minimum would directly affect only a small percentage of industrial workers.

So union spokesmen are reduced to talking about the value of a wage floor in a future depression; industry opponents talk of the pay increases that would be necessary to maintain skilled-unskilled differentials.

But there's one place a higher minimum wage would be more than theoretical—in small rural plants. So last week BUSINESS WEEK talked to David T. Vance, owner and manager of the Tar Heel Mica Co., Plumtree, N. C.

Vance is a crusty, poker-faced, and somewhat profane old southern gentleman with an ancestry prominent in the history of the South; one of his forebears was the Civil War governor of North Carolina.

BW: Mr. Vance, how would an increase in the legal minimum wage from 40¢ to, say, 60¢ affect your business?

VANCE: It would cripple us badly.

BW: Can you be a little more detailed on that? What would that sort of increase in the minimum wage actually cost your company?

VANCE: About . . . let me see . . . \$79,200 a year . . . several times our record profits.

BW: That would mean pay increases

for about how many of your people?

VANCE: I won't tell you that. Our rates vary a lot because we have a varying schedule, based on ability and experience and on the class of work done. We employ about 150 people, mostly women.

BW: And you say that a 50% increase in your minimum rate—from 40¢ to 60¢—would involve a total payroll increase of \$79,200 a year?

VANCE: That's right.

BW: You are figuring that on the

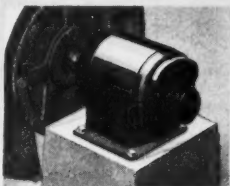
HOW G-E SILICONES BUTTON DOWN REJECT COSTS



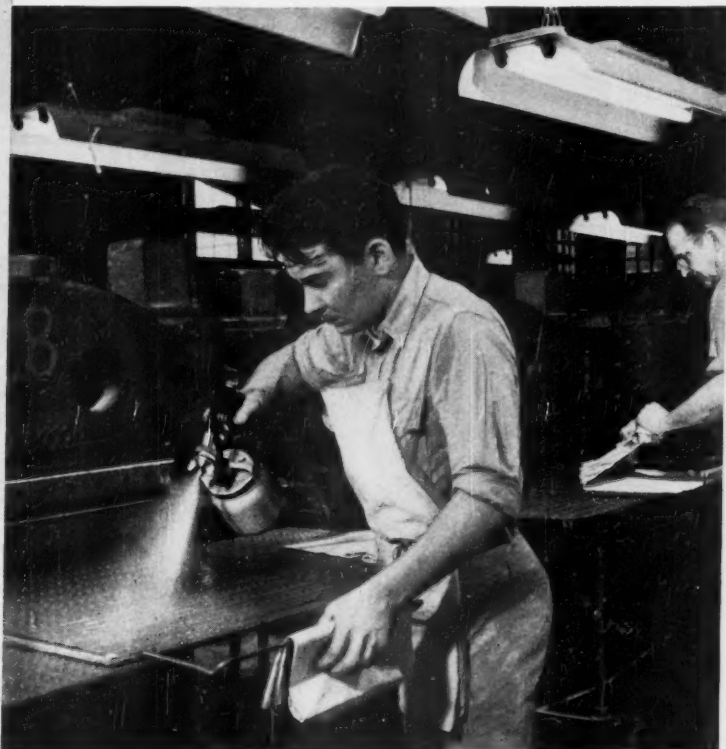
G-E silicone lubricants speed die-casting production — make possible improved products.



DRI-FILM®, another product of G-E silicone research, protects tiny electron tubes from moisture.



New G-E silicone resins help make electrical insulation last longer—furnish more protection.



G-E silicone mold release agents have proved far superior to other mold lubricants at the Parker Stearns & Co. plant in Brooklyn. Their use has greatly reduced mold cleaning costs, speeded production, cut reject losses, and made possible a smoother finished button.

How can G-E Silicones help you?

If you're interested in reducing costs through fewer rejects and increased production, investigate General Electric silicones! The chemical inertness, temperature-resistance, and flexibility of these remarkable products have made possible important savings to many manufacturers.

Here are a few of the present G-E silicone applications: **silicone rubber** for gaskets and insulation; **silicone oils** for mold lubricants, hydraulic

systems; **silicone greases** for lubrication; **silicone resins** for insulation and industrial finishes; **silicone water-repellents** (DRI-FILM); **silicone gums and compounds** for rubber manufacturers.

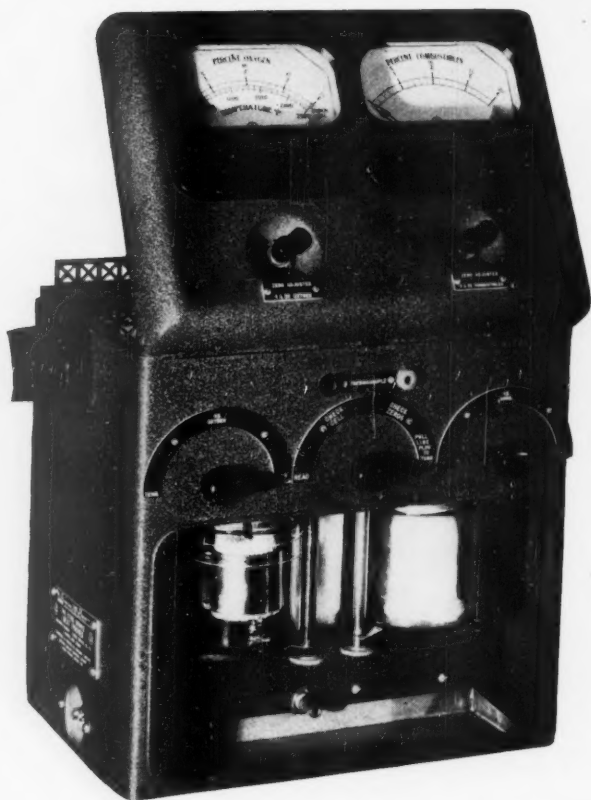
Find out more about G-E silicones—how you can benefit by using them in your process or product. Just write to Section 33-5, Chemical Department, General Electric Company, Pittsfield, Mass.

GENERAL  ELECTRIC

CDE-QS



See this remarkable instrument in action!



**Cities Service Industrial Heat Prover—Measures the
Combustion Efficiency of Any Furnace Using Any Type of Fuel**

FREE...This Helpful New Booklet

Cities Service Oil Company
Sixty Wall Tower, Room 381, New York 5, N. Y.

Please send me without obligation your new booklet entitled "Combustion Control for Industry."

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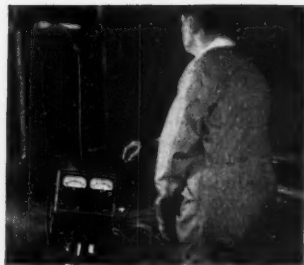
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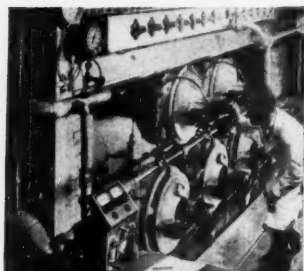
COMPLETE INFORMATION

about the Cities Service Heat Prover—how it works, its many applications, its record of performance—is contained in a new booklet entitled "Combustion Control for Industry." Write for your free copy today. Use coupon at left.

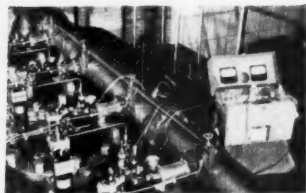
CITIES  SERVICE
QUALITY PETROLEUM PRODUCTS



1. HUNDREDS OF INDUSTRIAL FIRMS, including leading steel, locomotive, truck, automobile, aircraft, tool, instrument manufacturers and others, are profiting from this unique service. Above shows use on Open Hearth Steel furnace.



2. IMMEDIATE PRODUCTION INCREASES are realized by many firms through the control of furnace atmospheres. The instrument registers quickly and accurately both excess oxygen and unburned fuel being wasted. Picture above shows Industrial Heat Prover in use on furnace of an industrial boiler.



3. GAS AND DIESEL EXHAUST ANALYSIS Picture above shows the Heat Prover in use on a large 4 cycle Diesel. This remarkable instrument tells you quickly, accurately and continuously what percentage of the fuel entering the combustion chamber is converted to productive energy.

basis of a 50% increase in your total payroll?

VANCE: We won't be able to answer that exactly until we figure out our schedules.

BW: Then if your present payroll is . . . ah . . . \$158,000 . . . that would be an average of \$20 a week . . . about 50¢ an hour. . . ?

VANCE: You can figure it that way.

BW: . . . and you figure under a new law you'd have to go to a 75¢-an-hour average. How would you absorb that extra cost?

VANCE: Why damn it, the only thing we could do would be to raise our prices.

BW: Couldn't you mechanize further to cut out some employees?

VANCE: No. Our manufacturing requires a great deal of hand work, accompanied by constant judgment in selecting and placing the material. Years ago we mechanized as much as possible.

BW: That seems a little unusual. Why?

VANCE: About half of our production consists in building up large sheets of mica board. We place the very thin splittings of mica, which come rather small, in layers to form the board. The splittings have to be located just right, so they will bind together well when heat is applied to the resin that holds them. No damned machine will do this job.

BW: If you have to increase prices to absorb the higher wage rates, how will that affect your sales?

VANCE: We would lose much of our

business to other types of insulation . . . they are satisfactory, but higher in price now . . . the silicones, synthetic resins and other manufactured products. They are being used increasingly, as it is. If we have to increase our prices, our manufacturers will turn to them.

BW: You spoke of the use of substitute materials. How much of your business would you lose that way?

VANCE: That's hard to say. I figure we would do damned well to hold half of our business.

BW: Would that mean dropping half the people on your payroll?

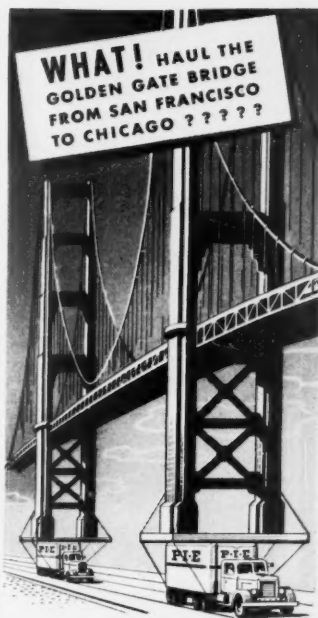
VANCE: It might be less, and it could be more. Depends on what products would be priced out of the market by the higher base wage rate.

BW: You know, Mr. Vance, that the experts of the government and the unions say they can prove that even 60¢ an hour won't provide a decent living.

VANCE: I don't like that damned word "experts." Experts at what? Stirring up trouble and losing jobs for people? None of these experts . . . most of them are pitifully lost outside a city . . . has the slightest idea how far a dollar goes in our part of the country, when it comes to living costs.

BW: Why should it cost people here so much less to live?

VANCE: All our employees live on small farms that they own. Not one in a hundred of the farms in this country has a mortgage on it. Our people keep at least one cow. Some have two or three. They butcher two hogs a year for their own meat. Now that we have a freezer-locker plant 15 miles



THAT'S some order!—But in a year Pacific Intermountain Express freight-hauling totals 362 million ton-miles—equal to carrying the Golden Gate Bridge, the world's largest single-suspension span, from San Francisco to Chicago!

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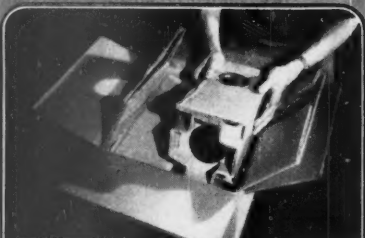
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from here, many of our folks also kill a calf once in awhile, or a beef.

On top of that, our women folks hereabouts put up from 600 to 1,000 cans of fruit, vegetables, and meat. They use their pressure canners. They don't have to run to the store every time they want a meal. And they don't pay rent nor the milkman.

BW: Does that leave much for clothes and amusements and things like that?

VANCE: We don't have to doll up when we go to work here. But you go to our town . . . Spruce Pine . . . Saturday. You'll find the people who work in our plant and in other industries in this section there. I'll wager they are at least as well dressed as lots of folks in the North who get much more pay.

BW: You spoke of other industries in this section. Would they be affected about the same way as your company would be by a 60¢ minimum wage?

VANCE: I pay attention to my own business. I have for 57 years. But I know enough about other plants around here to have an idea of what 60¢-an-hour minimum will do to them. Take the other four mica fabricators in this part of the country. Why damn it, they will face just what we will.

BW: How about other lines?

VANCE: Well, let's not keep it just in our section. All through the rural sections of the South are hundreds of small industries that just can't pay a starting wage of 60¢ and stay in business.

What's more . . . I know from friends and customers in other parts of the country . . . that outside of the highly industrialized centers the same holds true. Get one of your folks to go into some of the little New England towns and talk around. Right under the nose of highly organized union labor plants, are little fellows like myself who can't meet increased wage costs. A lot of them are on 40¢ minimum now.

BW: If the big plants can pay higher wages and still make money, would you say a well-managed little one ought to be able to?

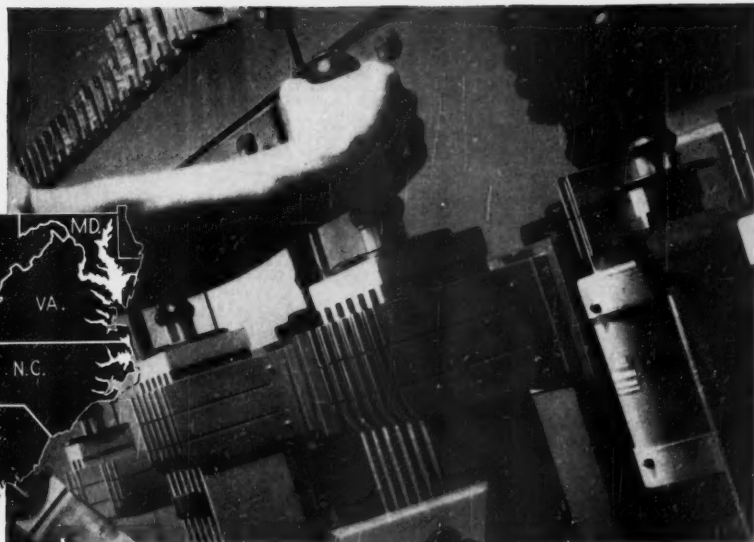
VANCE: That question indicates that you know damned little about small business. Neither do the senators and the congressmen who spout about helping small business. Every law they pass comes out just the other way. But we little fellows are getting on to their ignorance . . . or worse.

BW: You don't think small industries can pay the wages the bigger manufacturers do?

VANCE: After the country has gone through the wringer, your question can be answered better. It may answer itself. A few of the big fellows can pay high wages. They will be those who have learned how to get real cooperation from labor. One of our best customers, whose name I will not mention,

New Power for America

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Post War Installations of C-E STEAM GENERATING UNITS completed or now in process for South Atlantic Utilities

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Cutler Station
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North Florida Station

Fortunately for all of us, the privately-owned electric utilities have been able to keep abreast of post-war electric loads despite demands that have far exceeded expectations. Two factors have been responsible — the long established policy of the utility industry to make plans for expansion far in advance of need, and the organizational ability to execute expansion programs with speed and efficiency. Were the utilities not thus equipped to cope with the situation, America would unquestionably have experienced a critical post-war power shortage.

Fortunate we are, too, that the electricity we use so freely in our homes and factories is one commodity we can still buy at pre-war prices. Even

with the modest increases recently put into effect or now in prospect, the average price of a kilowatt hour the country over will be less than it was in the thirties.

Typical of the vast expansion of generating capacity now in process throughout the nation is the program of the South Atlantic States. By the end of this year the electric utilities in that area will have spent, since the war, over \$833,000,000 for additional generation, transmission and distribution facilities.

As in other sections of the country, C-E Steam Generating Units are playing a large role in this South Atlantic expansion, having been chosen to serve turbine-generators with a combined capacity of more than 1,600,000 kilowatts. B-312



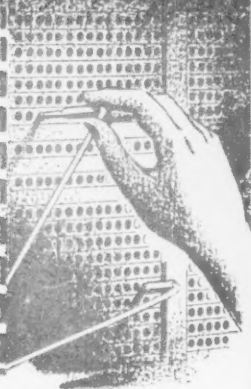
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SAVINGS WITH CARBIDES



"We would do damned well to hold half our business."

has proved this. I know a good deal about how he does it.

BW: You can't do it the same way?

VANCE: Well, really, the answer is so simple I'm surprised you asked it. The big plants have huge volumes of business over which they can spread their overhead. They can hire real experts on every phase of their management. And a very small margin on each unit sold means a good return on their investment. We little fellows just do not have the volume to run that way.

BW: But don't you have to allow for differences in cost of manufacturing in rural and urban areas?

VANCE: Thanks for the compliment in asking me that. I am just a little fellow. That depends on many things. Iron and steel plants and products made from them are tied to industrial centers.

But I often wonder how some of the other big fellows think. Or do they think? Some of them seem to be coming out of their senses. They are moving out of the highly industrialized centers.

Why damn it, one of the largest manufacturers in its line recently had engineers in this section looking for sites for a big plant. And do you know how far they are going in their thinking? They don't even want to be near a town.

Maybe somewhere between that extreme idea and the jammed and unpleasant big industrial cities is the answer. I have done business through six panics and three wars. I am confident that a lot of folks who run big business are going to change their thinking these next few years.

BW: Mr. Vance, I've overlooked one question that should have come up at the start. What will you do if the minimum wage is raised to 75¢?

VANCE: Shut down, or go broke.

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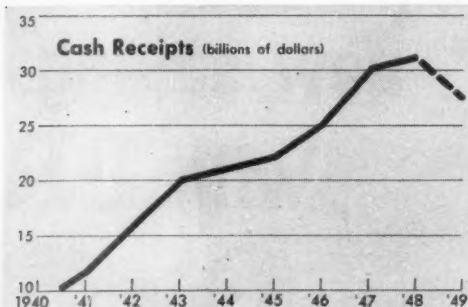


Air Power Paid for itself — in 14 HOURS

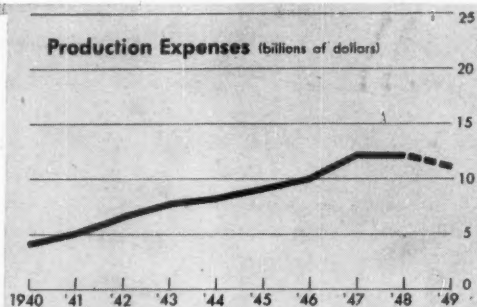
These examples show the time in which typical I-R AIR POWER EQUIPMENT paid for itself in actual use because AIR TOOLS enable the workman to produce more with less effort.

MARKETING

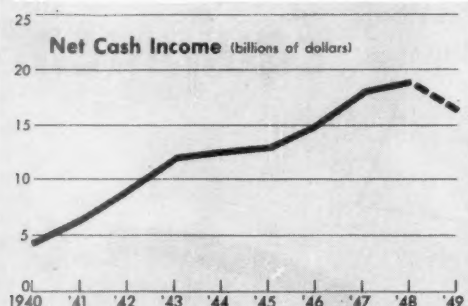
Farm Spending Drops, But Market Will



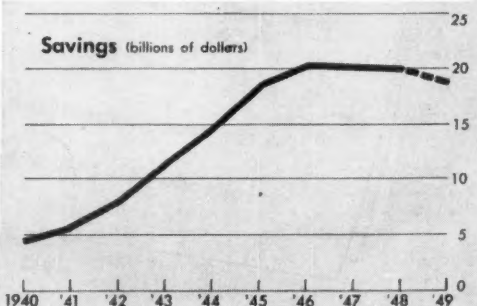
1 Farmers' cash receipts are off from last year, and...



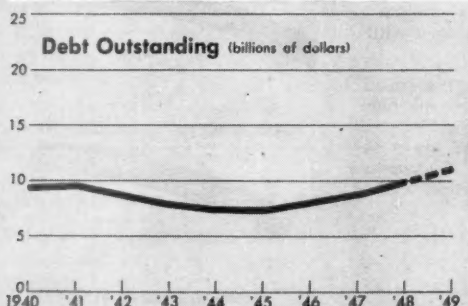
2 Production costs are off, too—but not as much. So...



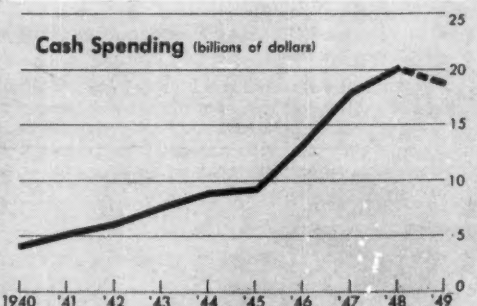
3 The farmer won't net as much this year as he did last



4 Some farmers dig into savings to supplement income, and...



5 Others go into debt to get money for spending. But...



6 The farmer still isn't spending as much as he used to

Data: Bureau of Agricultural Economics, BUSINESS WEEK estimates.

© BUSINESS WEEK

Remain Big

Rural purchases this year will be second only to 1948. But farmers will skimp on the house, pamper the barn.

Business today stands at a turning point along the rural delivery route. For the first time in more than a decade farm spending will be off this year as operators' incomes start their postwar slide (charts).

The initial major test of the farm market is coming up right now. The spring is well along, so farmers have already begun to decide what they will buy. They are figuring out how much they can spend on consumer articles as against production goods, how much for durable items vs. nondurable.

• **Downtrend**—How much will they spend? Marketers are inclined to temper their answer. They know that farm spending will fall off further for a good many months to come.

But by any prewar standards the farm market is still fabulous. And it will remain so.

• **Robust**—This year it will still absorb four times the dollar volume of industrial products that it bought in 1940. By comparison, the nation's gross national product is less than three times what it was in that prewar year.

This year, moreover, will probably be second in farm spending only to record-breaking 1948, even passing 1947. To be sure, farmers' net income will be lower than two years ago. But savings and credit can be drawn on.

• **Survey**—These are the highlights of a double-barreled BUSINESS WEEK look at the farm market in transition. It is based on (1) a survey of major companies selling the agricultural field, and (2) an economic analysis of farm price and income trends.

Farmers are not tightening their pursestrings any more than they have to. In fact, quite the contrary. Most merchandisers agree farmers are spending more freely than their city brothers who have been socking a steadily larger proportion of income into savings during the past year or more.

But farm income has turned down—sharply and irrevocably. That means sales in the rural districts must go down some, too.

• **Prices**—Prices lie back of this market readjustment.

Last year's big crops, here and abroad,

holes—
by the dozen!



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Time was when it took as much as a week just to "set up" for oil field shot hole drilling and sample boring. Today, this portable rig drills up to 12 holes per day!

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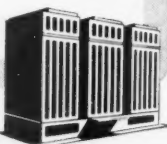
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finally broke the farm price spiral. Corn, wheat, and cotton, for example, have slumped to government support-price levels. Milk, hogs, steers and other finished food products also have dropped; they will decline further as output—built on bigger feed supplies—gradually expands.

Today, farm prices average at least 10% lower than they did during 1948. They will trail off a bit more the rest of this year even if general business and urban demand for food hold up at present levels.

• **Out of Savings**—Hence, agriculture's 1949 gross cash receipts will fall a little more than 10%—from last year's \$31-billion to about \$27.4-billion, according to Bureau of Agricultural Economics estimates. Feed, labor, and other production expenses will also ease off—but not proportionately. So the farmer's net cash income will be somewhat worse off: It may sag as much as 15%.

Yet farm spending may drop only half that much. Some farmers will spend off a big chunk of \$20-billion in accumulated cash, U.S. bonds, and bank deposits; others will get credit or mortgage their farms.

• **Consumer Goods**—But remember that different things happen when a farmer and a city dweller find they have less cash to spend. The farmer's need for production goods is the reason for that difference.

Farmers can't cut down sharply or immediately on such items as fertilizer or oil products. They need them for current output. Then, too, while goods were scarce, farmers earmarked savings so that they could buy major equipment items. That's where these savings are going now.

All in all, consumer goods this year aren't going to do as well in rural trade as in urban retailing.

Line-by-line reports from the field bear out this general marketing guide:

Farm Equipment. Dollar volume so far is running ahead of last year. Sales are being bolstered by hay balers, corn combines, cotton pickers, and other major items that are now getting easier to buy. But dollar volume among many smaller equipment items has already fallen off. One producer of milking machines notes a drop in domestic business. Used equipment of all sorts especially has taken a beating. And everywhere the equipment market today is far more selective than before. Farmers are waiting for the types and makes of machines they want—and the grey market and waiting lists have just about disappeared.

Losses from year-ago dollar totals would not be surprising later in the year, in contrast to the gains to date. That makes many dealers jittery. Their inventories have filled up since a year ago. And in some places demand has seemed to dry up almost overnight as supplies

became plentiful. Equipment makers themselves expect factory sales to fall now that dealer stocks are rebuilt and farm purchases may ease.

• **Fertilizer.** There's no reason to expect much change in volume this year. Assured of high price supports, farmers are still striving for peak crop output. Usually, fertilizer sales don't start sagging until a year after farm receipts have begun sliding. Volume was off in some sections in the winter, but picked up with warmer weather. Some spottiness has developed among certain products and areas. In short, there's a selling job to be done everywhere.

• **Oil Products.** Companies predict that sales will run anywhere from 5% behind 1948 to 5% ahead of it. Again, there's no great over-all change in view: "Farmers have to put their crops in the ground, and they have to harvest them." New equipment is using more gasoline and diesel fuel—less lubricating oil, less "tractor fuel."

• **Autos and Trucks.** Auto makers think that the rural market for cars will be just about as good this year as it was last. That holds for trucks, too—mainly one-tonners or lighter.

• **Repair Parts.** Sales are off perhaps as much as 10%, for all sorts of items, both



For Industry Leadership

Edgar B. Ingraham, president of New York's Times Appliance Co., Inc., this week walked off with the annual Wholesalers Medal of the James H. McGraw Award for Electrical Men. Ingraham got the medal "for his inspiring leadership of his industry in forming and developing the Appliance Division of the National Electrical Wholesalers Assn." The division was set up five years ago to devise a campaign to promote efficiency and economy in appliance distribution. Ingraham is now president of N.E.W.A.



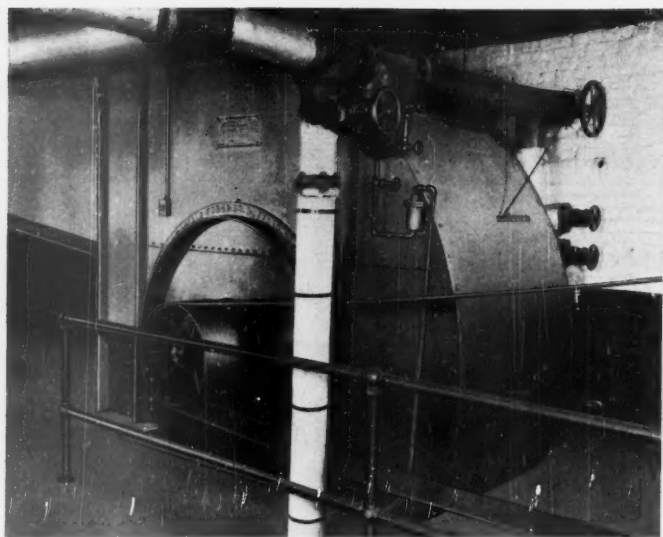
Nothing Rolls Like a Ball ...



*D*edicated to making
machines and equipment
everywhere, operate faster,
produce better, last longer.

NEW DEPARTURE BALL BEARINGS

NEW DEPARTURE - Division of GENERAL MOTORS - BRISTOL, CONNECTICUT



Air of Durability

"Ability to endure or continue in a particular condition; lasting." — Webster

54 YEARS OF AIR SERVICE

ONE of the most rigorous tests of a fan is that of time. When the fan keeps on delivering decade after decade, then it becomes a truly low-cost piece of equipment — one that has paid for itself many times over.

The "Buffalo" fan illustrated was installed in the Lucas County Court House, Toledo, Ohio, in 1895. This and two other "Buffalo" fans have been supplying ventilation for all fifty-four years of the building's life — and are "still going strong." From many such user-reports of "Buffalo" fans and air conditioning cabinets still on the job after thirty, forty and more years, you know that "Buffalo" equipment lasts!

If you want "Air of Durability" — with all the reliability and economy this implies — specify "BUFFALO."

BUFFALO FORGE COMPANY

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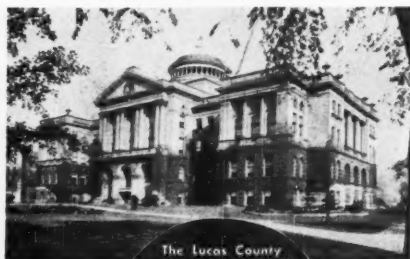
BUFFALO, NEW YORK

Canadian Blower & Forge Co., Ltd., Kitchener, Ont.

Branch Offices in All Principal Cities

"Buffalo"

**First
For Fans**



The Lucas County Courthouse, Toledo, Ohio. "Buffalo" ventilation was installed when it was built — fifty-four years ago.

machinery and vehicles. This drop is caused by the huge volume of new equipment which is now in use.

Electrical Appliances. The outlook is brighter in rural areas than elsewhere. Reason: Rapid progress of rural electrification. That helps volume, particularly items like ranges and washers. But the seasonal pattern of spring and fall buying has returned, which explains some reports of "slow trade" earlier this year. And despite the fact that farm purchases have followed the general trend in appliances downward, they have held up better than the urban markets.

Other Consumer Goods. Farmers have cut back most sharply in these lines. Thus, sales of mail order houses are running 10% or more behind a year ago. That is worse than the showing for other general merchandise lines. Also, department store sales have fallen more from 1948 totals in regions west of the Mississippi than in industrial sections (page 76). The furniture business is off almost 15% from a year ago, as in the cities.

Once more farmers are following their tradition of skimping on the house in favor of the barn. But the picture is not uniform in all areas: Consumer goods are holding up well in parts of the corn belt.

Building Materials and Hardware. Supplies are now more plentiful, costs are dropping. So farmers are holding up on these outlays.

• **Support Program**—How low will farm receipts drop in the future? The answer to this big question has looked brighter since Agriculture Secretary Charles F. Brannan presented his farm-support plan to Congress (BW—Apr. 16 '49, p. 25). Farmers—and farm merchandisers—figure that the government aid programs now in effect are likely to be boosted, even if Congress does not go all the way with Brannan's high minimum support levels. They count on some such legislative payoff for the farm belt's switch to Truman last November.

As matters stand, there could easily be a drop in farm receipts next year as big as the one we're experiencing this year. That would follow from further readjustment of farm prices, even if business activity holds up to pretty much current levels. But under present legislation, a sizable drop in industrial payrolls could knock as much as one-fifth off this year's cash receipts, under present legislation. And even the Brannan plan would allow for at least 5% to 10% less receipts than this year.

What's more, marketers cannot count on savings and credit to cushion the drop in farm spending as much as it will this year. Farmers will undoubtedly continue drawing on savings and running up outstanding debt. But not so much as this year (unless there is some severe and general economic setback).



Increased Life Span for Three Hundred Billion Bacteria

AMONG the many miraculous pharmaceuticals made in the great modern plant of Lederle Laboratories at Pearl River, N. Y., is a preventive for Brucellosis, an infectious disease of cattle, costly to dairy farmers and dangerous to communities as a possible source of undulant fever.

The Lederle product, brucella abortus vaccine in powder form, comes in hermetically sealed and dated vials, each vial containing over 300 billion live bacteria.

When originally introduced in liquid

form, the life span of the packaged bacteria was only around three months—after that the product was worthless.

The short shelf-life made the product costly to manufacturer and consumer. It prevented overseas shipment to foreign markets.

Lederle purchased from DPI high vacuum sublimation equipment for dehydrating the product. This treatment, so well known to DPI engineers, improved the stability and extended the "life" of the packaged bacteria from three months to a year.

Uses for high vacuum range all the way from atomic research to the manufacture of cosmetics and ornaments for the ten-cent store trade.

There may be surprising ways high vacuum can work for you—in reducing manufacturing costs—in improving your product—or in converting seemingly worthless by-products into profitable commodities. We invite inquiries.

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RUST

is a "Slow Fire"
that is Costly to You

Day and night—twenty-four hours a day —RUST is a constant threat wherever metal is used, in industry, at home, or on the farm. Stacks, tanks, fences, metal roofs, gutters, machinery, equipment and hundreds of other metal items are marked for destruction by this deadly scourge. **THE FASTER RUST DESTROYS, THAT MUCH SOONER WILL COSTLY REPLACEMENTS BE REQUIRED.** Unless all rust-producing conditions are fully checked by adequate protection, much of your property will "burn away" slowly — just as surely as if consumed by fire.

Stop Rust WITH RUST-OLEUM

It's a proved product (an exclusive formula) that gives long lasting protection. Rust-Oleum defies rain, snow, dampness, fumes, ordinary weathering and other destructive elements. Originally developed to resist the severe rust-producing effect of salt water and salt air under tough sea-faring conditions, Rust-Oleum seals metal with a tough, pliable film that dries to a firm rust preventive and protective coating that GUARDS THE STRUCTURAL STRENGTH OF YOUR STEEL.

Applied to metal, even where rust has already started, Rust-Oleum saves it from further damage. It is easy to use. You don't have to remove all the rust. Simply wirebrush and scrape to remove loose rust and scale—then apply by brush, spray or dip. Decorative, too! Rust-Oleum is available in aluminum and all colors including white.

DO YOU HAVE RUST PROBLEMS?

We'll gladly send specific recommendations for Rust-Oleum applications upon request. Write for complete information without cost or obligation, or see our catalog in SWEET'S, RUST-OLEUM CORPORATION, 3423 Calton Street, Evanston, Illinois.

**RUST-OLEUM
STOPS RUST!**

Rust-Oleum is sold by industrial distributors in most principal cities.



PICTURE REPORT



1 News from a United Press teletype is edited, then put into print on an I.B.M. justifying electric typewriter



2 Headlines, set with paper paste-up letters, are added to the columns of type on the frosted-glass makeup desk



3 Final paste-up copy is placed on the scanning cylinder of the facsimile transmitter, sent by wire to WMAQ-FM



4 The four-page facsimile newspaper, broadcast by WMAQ-FM, is picked up by Stewart-Warner's new receiver

How Facsimile Spreads the News

At the convention of the National Assn. of Broadcasters, Stewart-Warner Corp. gave the trade its first look at a new newspaper facsimile receiver. To show conventioners how it worked, the company staged a complete transmission demonstration.

By arrangement with Elliott Crooks of Radio Inventions, Inc., New York (which owns the facsimile patents), Stewart-Warner ran off several editions a day of a four-page facsimile newspaper. Four University of Missouri journalism students did the makeup and editing.

Stewart-Warner designed its new re-

ceiver with the idea that banks, department stores, hotels, and other public places could get some promotional values by keeping one in operation. The machine, which is completely automatic, will put out four four-page editions daily for three weeks on one loading of "fax" paper. (A standard facsimile page, as prescribed by Federal Communications Commission, is 8 in. by 11½ in.)

Stewart-Warner won't sell the unit directly to users. Instead, Sam Insull, Jr., S-W. vice-president, says it will be sold or leased by the facsimile transmitting station or publisher.

Did You Know

... the very FIRST fan-cooled explosion-proof motor was originated — developed and pioneered by LOUIS ALLIS!

... the development of LOUIS ALLIS explosion-proof motors revolutionized many major industrial operations — materially increased production and safety — and lowered production costs — especially in the oil and chemical industries — by the elimination of costly and burdensome fire walls between the motor and its driven equipment!

... it was a direct result of YEARS of personal educational efforts by LOUIS ALLIS with State Legislatures in all parts of the country that changed state laws and codes to make it possible for you to use modern explosion-proof motors in your plant today — without fire walls!

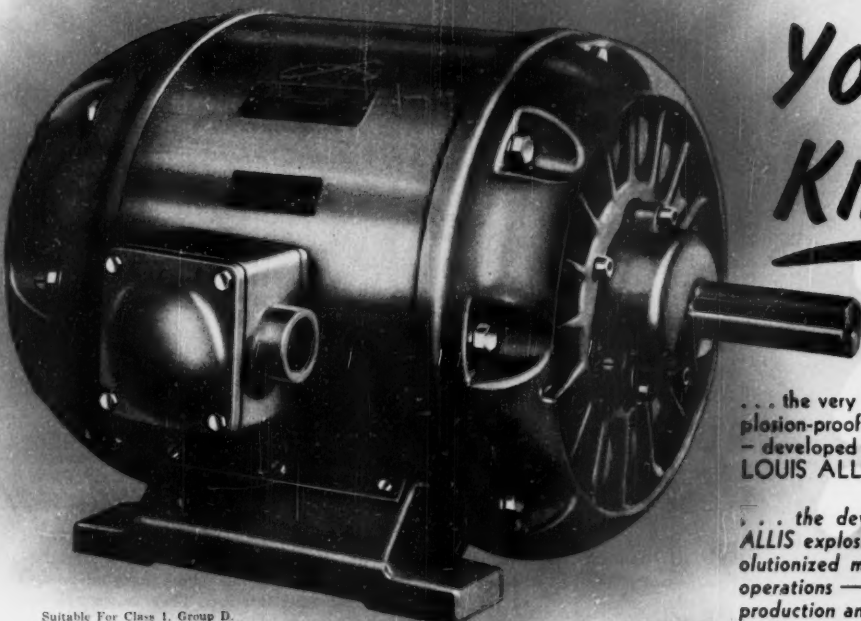
... LOUIS ALLIS has more actual years of manufacturing and operating experience with explosion-proof motors than ANY other manufacturer!

... there are EIGHTEEN specific quality design and construction features built into LOUIS ALLIS explosion-proof motors that make them outstanding!

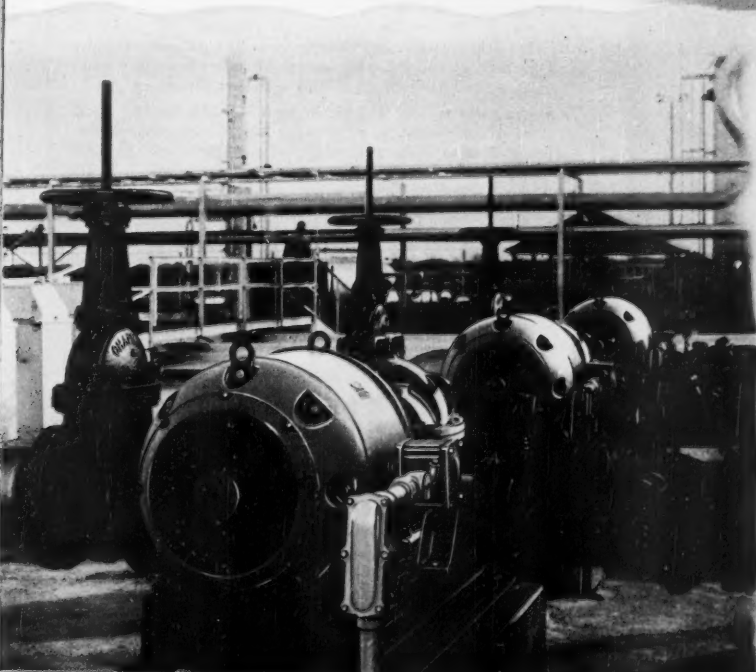
★

Write for a copy of completely descriptive bulletin No. 508E.

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Hauserman Movable Steel Walls are used throughout new General Petroleum Building, Los Angeles.

Another HAUSERMAN

Movable Steel Interior... *another Quiet Building!*



Receptionist's Enclosure by Hauserman in the new General Petroleum Building, Los Angeles.

Other recent Hauserman installations include: John Hancock Building, Boston; Telephone Buildings, Coast-to-Coast; Prudential Gibraltar Building, Newark; Waterman Steamship Building, Mobile; Bankers Life Bldg., Des Moines.

Specialists in Service . . . We assume undivided responsibility for complete interiors . . . shop drawings, building measurements and installation. We supply all products complete with hardware, wiring raceways and all accessories. Our experienced erection crews are on call for alterations and additions. Our engineers are always at your service.

Free Catalog to Help You Plan

You'll find interior walls and ceilings to meet your exact requirements in Hauserman Catalog 49. Write for it on your business letterhead today.



Superior sound control is another one of the many advantages of Hauserman *Movable Steel Interiors*. They assure welcome quietness to you and your employees . . . welcome quietness that speeds work and reduces errors. Hauserman *Movable Steel Interiors* minimize noises caused by clattering machines, jangling telephones and other sounds that interrupt work.

Hauserman *Movable Steel Interiors* reduce noise two ways: Hauserman *Movable Steel Walls* keep out more external noise than tile and plaster construction, yet are only half as thick. And Hauserman Acoustical Ceilings absorb more internal noise than fibre types and equal or exceed all other steel pan types . . . they absorb 85% of all the noise that strikes them.


There are many reasons why Hauserman *Movable Steel Interiors* are used in the smaller as well as the larger buildings all over America. Among these advantages are: Rock-bottom Maintenance Costs—60 Beautiful Colors and Authentic Wood Grain Reproductions—Rigid Construction—Earlier Occupancy—Incombustible Materials—Ease of Adding Wires and Outlets—Ease of Servicing Utilities—Superior Sound Control—Easy to Move.

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MOVABLE STEEL INTERIORS

WALLS • WAINSCOT • RAILINGS

ACOUSTICAL CEILINGS • COMPLETE ACCESSORIES

For every commercial, industrial and institutional need

Musical Publicity

S. Klein, New York store, and musicians' union will jointly sponsor a series of eight free outdoor band concerts.

The market for "live music" is ebbing, but fast.

Radio, talking pictures, recordings, and now television, have all helped to boost unemployment among musicians.

• **Way Out?**—But in New York last week, members of Local 802, American Federation of Musicians (A.F.L.), saw a ray of hope. Their local had just wrapped up a deal with S. Klein (Grayson-Robinson Stores, Inc.), department store on Union Square.

The deal: A series of eight all-request band concerts to be jointly sponsored in Union Square Park (opposite S. Klein) on Tuesday evenings. Initial downbeat date: May 10, 8:45 p.m.

• **Joint Sponsorship**—Under the terms of the agreement, Local 802 will sponsor four of the eight concerts. It will pay the musicians out of the Recording & Transcription Fund created by James C. Petrillo, president of the American Federation of Musicians. (This fund is fed from a union-imposed tax ranging

from 1¢ to 2¢ on all recordings. Proceeds are apportioned among all A.F.M. locals. Purpose: to pay unemployed musicians for concerts given free to the general public, and to foster goodwill and music appreciation.)

S. Klein will pay regular union rates for the other four of the eight concerts. Cost will run between \$800 and \$1,000 per concert.

• **Timing**—The store is open for business on Tuesday and Thursday evenings until 8:45 p.m. So the concerts have been timed to catch customers as they leave the store on Tuesdays.

One worry: the acoustics in the park. Surrounding office buildings could cause a serious bouncing of echoes.

• **Tie-In Slogan**—The concerts will be merchandised in Klein's newspaper advertising and will be billed as "Your Music—on the Square" to tie in with the store's slogan, "S. Klein—on the Square." Printed ballots listing a variety of musical compositions will be circulated at the concerts, and customers will be urged to vote on the selections they'd like to hear.

If this concert series is a success, Local 802 thinks the idea may spread to other cities. And this week, representatives were trying to sell the idea to Stern Bros., Lane Bryant, and other New York department stores located near parks.



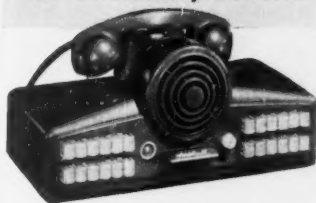
Razor Blades Ride the Air Lanes

Getting national distribution for a new product frequently takes weeks, even months. Last week, however, it took American Safety Razor Corp., Brooklyn, N. Y., only four days to pass out more than 25-million of its new "Silver Star" blades to 150,000 dealers. A.S.R.'s method: airfreight via American Air-

lines. Cost ran between \$25,000 and \$30,000. If the same shipment had gone by surface carrier, it would have cost only about \$7,000. But A.S.R. figures it was worth the extra cost: The company got its product on store counters in a hurry—timed to coincide with its national advertising campaign.



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BUSINESS OPPORTUNITIES

offered or wanted, personnel, financing, equipment, etc., may be found in Business Week's CLUES

Vintners Hold Back Wine

California marketing agreement withdraws a year's production from the market by requiring winemakers to age product ten months; may solve overproduction.

The wine industry has a quirk this year: Business is considered poor at a time when Americans are drinking more wine than they ever did before—save for the banner year 1946.

The trouble is that while wine consumers have increased their capacity, producers have increased theirs even more. Domestic consumption of U.S. wines in 1948 was 120,000,000 gal., up 75% from the 1936-40 average. Production last year was 141,000,000 gal., up 85% from the prewar average. The result of this over-production: big wine inventories, low wine prices (BW—Feb. 1949, p88).

• **Marketing Order**—Last week California vintners were offered a prescription to remedy their inventory ailment. If it turns out to be a bitter dose, they have only themselves to blame. They wrote their own prescription—a wine marketing order promulgated for their approval by the California Dept. of Agriculture.

This week the state is circulating the proposed order among the vintners. If 65% of them (by production volume or by numbers) approve, then it goes into effect for the 1949 grape crush beginning in August. Approval is taken for granted, since more than 65% of the state's gallage was represented on the committee that drafted the marketing proposal.

• **One Year Out**—What does the state marketing order do? In theory, it attempts to protect wine prices by evening out the new flow of wine to the market over the course of the year. Actually, the more significant short-term effect of the order is to remove one year's production from the market—and eventually to provide more aged, and less "green" wine for U.S. consumption. Many wine makers feel that, if they could just "get rid" of one year's output, the marketing problem might not be so hard to solve.

Essentially, the order requires all vintners to age their wine at least ten months. Buttressed by misdemeanor penalties and civil liabilities, it applies to all California processors of all wine types. Since California accounts for 90% of U.S. wine production, the order could exert strong influence on the national market.

• **Problem**—As wine men view it, the problem is this: In times of market uncertainty, some processors have a panicky tendency to unload. You crush your grapes in late summer and fall, and

by late fall or early winter you've got a marketable product, even though it hasn't aged. If the market is loaded, you won't get the best price. In desperation, you take what you can get, possibly less than you've got invested in it. Nobody cares if you cut your own throat, but you're cutting other throats at the same time.

So the marketing order ties your hands. You're not supposed to sell your 1949 wine until 1950. If you do, you've got to retain an equivalent gallage of earlier vintage wine or buy it from some other producer and keep it until next spring.

• **Free Inventory**—A vintage year begins on Jul. 1, ends the following Jun. 30. The proposed order requires your affidavit that on Jun. 30 you had so many gallons of wine either in or en route to your bonded premises. That's your "free inventory"—the net gallage which you may sell between Jul. 1 and next Mar. 1. None of it is included in the 1949 vintage.

Suppose you market your free inventory, then later see an advantageous sale for some of your 1949 crush—your "reserve inventory" as the order calls it. You may make the sale, but you've got to buy the same amount of free inventory from somebody else.

Or you may wish to age some of your free inventory for a couple of years; that liberates an equivalent amount of reserve inventory from the 1949 crush if you wish to sell it.

• **Day of Reckoning**—On Mar. 1 the bars are lowered. You may dispose of all your stocks, if you wish. But you won't want to approach the next Jun. 30 day of reckoning with an empty warehouse; that would disqualify you from selling any wine in the vintage year then beginning. So you either hang on to your inventory or buy some. In either case you serve the purpose of the marketing order—by keeping off the market the amount of wine you want to sell the following year.

The order sets up a wine marketing advisory board, its members chosen from the industry. Beginning in July, 1950, the board will recommend to the California Director of Agriculture how much of the sworn free inventory may be moved during the next twelve months. During the 1949-50 marketing season, this amount is automatically 100%.

The program is to be financed by assessment on producers—up to one mill

per gallon for dessert wines, up to half a mill for table wines.

• **Federal Agreement**—The state marketing order, issued under authority of the California Marketing Act of 1937, has no direct bearing on other recent steps to cope with the chaotic overproduction of grapes in California.

One of these is a move by the state's dessert wine producers toward a federal marketing agreement by sales quotas. Another is the pending effort of raisin growers and packers to get U. S. approval of a marketing agreement. Raisin surpluses usually wind up in a wine bottle and further complicate the wine surplus problem.

Coupled with the vintners' marketing agreement is "an aggressive advertising and educational campaign".

Phony Bureaus

FTC claims Bond Stores inveigled information from debtors by use of fictitious inheritance bureaus, government agencies.

If a man buys a suit of clothes and won't pay for it, you may have trouble finding out where he lives and where he works. But if an "inheritance bureau" wrote him that he might be heir to a fortune, he'd probably come through fast with the information.

That's an old collection agency trick, and the Federal Trade Commission doesn't like it. FTC has been hammering at the agencies under section 5(A) of the Federal Trade Commission Act: "Deceptive acts, . . . in commerce are hereby declared unlawful."

• **Chain Stores**—This week FTC went after bigger game—chain clothing stores. In its first move in this field, it issued a complaint against Bond Stores, Inc., and Louis A. Good, vice-president of the company.

FTC charges that Good, who has charge of Bond's credit department, registered four trade names in his own name: Surety Investigating Bureau; Research Bureau; Reclassification Department; Goodwin-Roberts System; and National Inheritance Bureau.

• **Rich Uncle**—Letters and cards bearing the "Goodwin-Roberts" and "National Inheritance Bureau" letterheads are sent to Bond's delinquent debtors, according to FTC. These claim that the organization is engaged in finding heirs to estates.

The customer is asked for information, ostensibly for the purpose of determining whether he's in line to get a fortune from a rich but distant relative.

• **Checking References**—The "Research Bureau" letters, says FTC, purport to be from a U. S. government agency that

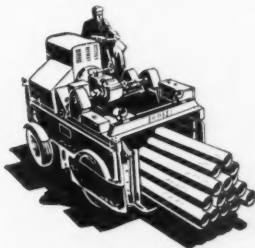


* At Mechanical Handling Systems, Inc.
it's CONVEYOR ASSEMBLIES

... are a "CINCH" for ROSS Lift Trucks

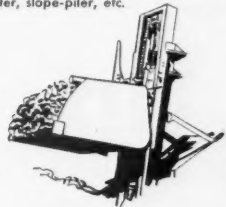
Handling this heavy unwieldy conveyor assembly is typical of the jobs expected to be done by ROSS Lift Trucks. And such unusual tasks are routine for the versatile ROSS. That is why more and more plants look to ROSS for time-saving, cost-reducing big-load material handling.

Profit from the experience of others . . . make the ROSS Lift Truck a vital part of your material-handling system. There is a wide range of dependable gasoline-powered models to fit your plant's specific needs. Three types, nine models . . . capacities from 5,000 to 18,000 pounds. Consult ROSS . . . it will pay dividends.



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Permits lift truck to efficiently handle coal, sand, snow and other loose materials. Controlled from driver's position. Easily attached and detached. Fits all models . . . Other attachments include ram, snowplow, side-shifter, slope-piler, etc.



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Five types, capacities 10,000 to 30,000 pounds . . . cost-cutting team-mates of ROSS Big-Load Lift Trucks.



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**RIDING
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"JACKLIFT" ELECTRIC
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Now you can ride the walking type "Jacklift"

SAVES LEG WORK on the long hauls . . . Saves money all around the plant . . . on regular runs . . . in cramped quarters or narrow aisles.

REDUCE COSTS with this easy-maneuvering "Standrive" dependable "Jacklift" Electric Truck. Operator rides or walks. Operates truck with handle in every position . . . All controls in the handle head . . . Instant smooth-action electric brake.

Platform and Pallet models — capacities 4000 and 6000 lbs. Tractor model for trailer trucks. Low maintenance. High efficiency. Long life.




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REPRESENTATIVES IN PRINCIPAL CITIES  CONSULT YOUR PHONE DIRECTORY
"STANDRIVE" POWER FORK TRUCKS • "JACKSTACKER" ELECTRIC TIERING TRUCKS
"JACKLIFT" ELECTRIC TRUCKS • STACKERS • CRANES • SKIDS • PALLETS
HYDRAULIC AND MECHANICAL HANDLIFT TRUCKS • FLOOR TRUCKS • RACKS

wants to determine whether the customer is eligible for a government job. They're sent to friends listed as references by the customer when he opens his Bond account.

Also sent to his references, according to FTC, were the "Surety Investigating Co." letters. These claim to be from a bond-issuing organization, which asks help in determining whether the debtor is a good risk for a surety bond required by a new job for which he's being considered.

All the addresses used on these cards and letters, FTC says, are those of the Bond stores in Hartford, Conn., Chicago, Washington, and New York. As replies are received, they're sent either to Bond headquarters in New York, or to the store which extended the credit to the particular customer.

FTC Ready to Rule On Price-Cut Coupons

Suppose a grocery-product manufacturer makes a special price-cutting coupon deal with a grocery chain. Is he guilty of price discrimination under the Robinson-Patman act?

• **Case in Point**—The Federal Trade Commission is going to decide that question for the first time when it takes up the National Tea Co. case this month.

FTC's complaint against National Tea, which has about 750 stores in the Midwest, grew out of an Indianapolis promotion scheme which wound up in a coupon fiasco for manufacturers, retailers, and housewives (BW—Dec. 4 '48, p. 80). National had tried the scheme earlier in Chicago, but then it had hardly caused a competitive ripple.

As a sales needler, National cooked up a deal with manufacturers of about 50 food and grocery items. It gave housewives a book of coupons, each worth about 10¢ against the purchase of the item pictured on the coupon—when bought in National Tea stores.

The scheme triggered a price-cutting war which wound up with some independent grocers accepting National Tea's coupons. Other chains met National's prices by lopping 10¢ off their regular retail price.

• **Charges**—FTC got complaints about the deal; it is now charging National Tea with inducing manufacturers to grant discriminatory prices. FTC says the deal called for a refund by the manufacturers to National Tea of the cash value of the coupons. These numbered 25-million, valued at \$2.7-million.

The effect of these price discriminations, FTC charges, is an injury to competition (1) among suppliers of grocery products and, (2) between National Tea stores and their competitors.

MARKETING BRIEFS

Imports of scotch whisky hit 7.3-million gallons in 1948. The Commerce Dept. says that's 1-million higher than 1947.

Rug and carpet production set a new record last year: 90-million square yards, according to the Carpet Institute.

Chain buying and selling policies of chains will be investigated again by Rep. Wright Patman. Independents have asked his House Small Business Committee (1) to investigate below-cost selling by chains; (2) to amend the tax laws so chains will be forbidden to submit consolidated tax returns—which would mean they couldn't deduct losses on unprofitable stores from profits on good ones.

Expansion by The Grand Union Co. will mean ten more New Jersey and New York stores in the next few months. That's in addition to the six stores opened by the grocery chain in April.

"Fill-up" discounts on coal and coke are back in Detroit. Dealers are offering bait of 75¢ a ton on coal, \$1 to \$2.50 on coke, to domestic users who will order a year's supply in May.

Price cuts ranging from 7% to 12% on conversion-type oil burners were made last week by Timken. It hopes this will stimulate retail sales.

To speed up delivery of goods from New York, Washington's Hecht Co. has set up its own overnight trucking service operated by Associated Transport. The department store says the service cuts delivery time by as much as five days.

First-quarter sales for Grayson-Robinson Stores were 13.8% above the same 1948 period. Consolidated net sales came to \$16.5-million. And president Hyman P. Kuchai says that April sales were running 40% ahead of April last year.

Fair-trade laws in New York state should either be enforced or scrapped. That's what the Metropolitan Council of Electrical Appliance Dealers told Gov. Dewey in a resolution last week. They insist disregard for "fixed prices" is threatening appliance dealers with bankruptcy.

Bottled gas is now in a buyers' market. Skelly Oil spokesmen say production of liquid petroleum gas has caught up with demand. Producers will go into the summer market with large stocks on hand.

Packaged to change "Eyers" into Buyers



Molded of Koppers Polystyrene

HERE'S a new idea in candy packaging that adds a *plus* value for thrifty buyers. The sparkling transparent box of Koppers Polystyrene displays candy at its best—and still protects it from the air.

When the candy has been eaten, a woman will find a dozen ways to re-use this handy box . . . on her vanity as a catch-all . . . in the medicine closet to hold bandages, adhesive tape and small items . . . or her husband can use it for his fishing tackle.

This package was designed and molded by Beacon Products Corporation, Newton Highlands, Mass. Their design is standardized and not only packages candy but can also package stationery, hosiery, playing cards, handkerchiefs and other merchandise whose sales are aided by the crystal clarity, richness and low cost of Koppers Polystyrene.

Bring your packaging problem to Koppers

Whether you make sporting goods, food products, cosmetics, jewelry—Koppers Polystyrene offers a combination of qualities that is well worth investigating. It is tasteless, odorless and extremely low in water absorption . . . will hold food products, alkalies, and most acids . . . can be supplied crystal clear or in any desired color.

Possibly Koppers can help you with your packaging problems. Our technical staff is ready at all times to help you improve your designs and to choose the right packaging materials for your application.

KOPPERS COMPANY, INC.
Chemical Division, Pittsburgh 19, Pa.
Regional Offices in New York, Chicago and San Francisco



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SEND FOR FREE BOOKLET

Koppers Company, Inc.
Chemical Division, Dept. BW-5
Pittsburgh 19, Pa.
Please send me your new booklet on Koppers Perfected Plastics.

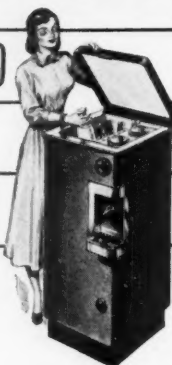
Name _____ Position _____

Company _____

Address _____

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● Sunroc made a survey of the market and found that the public wanted Super Cooler advantages; so the immensely popular Sunroc Super Cooler was developed. This entirely different water cooler is ideal for use in the home, business office, or workplace. It gives you generous refrigerated storage space, three trays of easy-to-remove ice-cubes, and ample chilled drinking water.

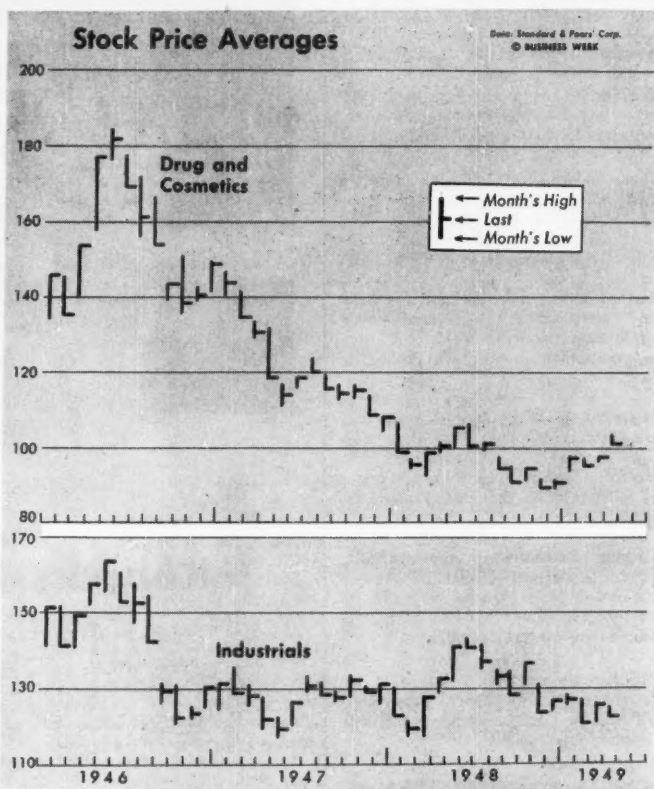
Sunroc specializes in water coolers. Sunroc is the largest independent water cooler manufacturer in the world. Buy or rent the Sunroc Water Coolers you need. Get an annual Sunroc service contract covering all your water coolers. The new Sunroc Filter with wonderful Sterilium can be installed in all Sunroc Water Coolers. For full information and a survey of your water cooler needs, write Dept. BW-5, Sunroc Refrigeration Company, Glen Riddle, Pa.



"SUNROC SERVES THE WORLD... a cool drink of water"

Sunroc branch offices offer full and part time sales work in some areas, and under ideal conditions.

FINANCE



Drugs Stage a Recovery

Industry earnings look healthier this year, mainly because raw material prices have leveled off. Trade thinks its recession is over and done with. Demand for products should improve.

Last week, in a market where new stock offerings were few and far between, Sharp & Dohme, Inc., threw close to 200,000 new shares into the trading pit. Buyers snapped up the drug maker's stock in a hurry, for investors are beginning to spot the better earning prospects showing up in the drug industry.

● **Recovery**—Drug manufacturers seem to have had their recession—and got over it. Earnings were down in 1947. But most companies saw profits turn up in 1948. And it looks as if this year's earnings will keep on the up-trend.

Here's the reason: Raw material prices are leveling off. At the same time, de-

mand for finished products stays high.

● **Pinch Loosens**—That eases the squeeze on the industry. All through the war and postwar period, manufacturers have kept retail prices down (partly because their prices were already fair-traded at comfortable levels). A few companies raised prices late in 1947 and in early 1948—when the cost squeeze was at its tightest. But in the industry as a whole the price rise since 1939 has been only about 3%.

Drug makers have found it easier to hold the price line because labor and raw materials costs are a smaller part of total cost than they are in most industries. Drug processing is highly mechanized. Production costs on proprietary

drugs (those advertised direct to the public) are only about 40% of total income. Advertising and distribution costs, though, are higher than in other industries.

The leveling-off of raw material costs has had a definite effect on earnings. While half of all industrial first-quarter earnings reported so far have been lower than last year (BW-Apr.30'49,p19), drug earnings have been more encouraging.

• **Companies**—Abbott Laboratories has earned \$1.02 in the first 1949 quarter, compared with 91¢ in the same period last year. American Home Products Corp. earned 73¢ a share for the first quarter, compared with 64¢ a share. Norwich Pharmacal Co. was one of the few that reported a drop—3¢ off the 34¢ it earned in the first quarter of 1948. Lehn & Fink Products Corp., though, earned \$1.02 for the nine months ending last Mar. 31, compared with 50¢ for the same nine months of 1948.

• **Outlook**—Those who watch the drug industry closely expect the demand for its products will continue at a high level. For one thing, the volume of ethical drug sales stays pretty constant from year to year. (Ethical drugs are advertised only to druggists and doctors. They generally reach the public only by doctor's prescription.)

Sales of proprietary drugs, however, go up and down as consumer income changes. The outlook now is that consumer income will stay above the comparable 1948 period for at least several months to come. So people are likely to spend more on drug supplies this year than last. And even in 1948, retail drug sales gained about 6% over the previous year.

• **Ethicals**—For the ethical drug field, the long-term outlook is one of steady growth. New products are constantly coming into use; health standards are rising; the population is growing, and its life span is lengthening. Because sales of proprietary drugs are a lot more volatile than the trade in ethical drugs, a number of companies in the proprietary field have expanded into ethical-drug and fine-chemicals manufacture. Among them: Bristol-Myers Co., Sterling Drug, Inc., and VICK Chemical Co.

The cosmetics industry ties in closely with the proprietary-drug field. Sales are very sensitive to changes in consumer income, and competition is keen. Earnings are apt to fluctuate even more than in the proprietary business.

• **Supplies**—Today the drug industry is a lot less dependent on imported raw materials than it was before the war. Prewar, botanicals (drugs developed from plants) came to the U.S. from about 30 countries all over the world. The war cut off supplies from Europe and the Far East. Manufacturers then

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had to turn to home-grown botanicals and plants grown in South America. Some materials—like menthol, glycerine, and camphor—were replaced by synthetics.

Since the war, many of the old sources of supply have opened up again. But labor costs for collecting the plants are higher now. So the trend is definitely toward replacing imported botanicals with U.S.-made synthetics. Manufacturers can often produce these synthetics more cheaply than they can import the plants.

• **Exports**—Another industry trend points to increased exports of finished products. The war had a lot to do with this, too. It opened up markets once controlled by the German drug industry—particularly Latin America.

• **Fair Trade**—A big factor in drug-industry earnings is fair-trading. During the depression, price wars on drugs and other products led retailers to plump for fair-trade laws, that would specify minimum retail prices for national brands. Prices set by contract between a manufacturer and retailer became legally binding on other retailers. The legislatures of 45 states put such fair-trade laws on their books.

Not all drug manufacturers have adopted fair-trading. It requires the manufacturer to set retail prices far enough above wholesale to keep marginal retailers in business. If the manufacturer has to set too high a price, he may lose sales to his competition. A lot of chain and department stores and mail-order houses have skirted the fair-trade laws by setting up their own drug brands.

Rates Turn Down On Auto Insurance

Car owners can look for some relief this year on automobile-insurance rates (BW—Jul. 3'48, p. 26). Most rate changes will be on the down-side.

• **Texas First**—The first cut came in Texas this week. The state insurance department ordered a 9% slash in liability-insurance rates for bodily injury. It also lopped about 20% off rates for comprehensive (fire and theft) physical-damage policies. (Physical-damage auto insurance protects you against damages to your own car. Liability insurance protects you against damages you may cause other people or property.)

Then the National Bureau of Casualty Underwriters revised auto liability rates in Arkansas, Nebraska, Rhode Island, and South Carolina. Here some rates went down, some up.

• **In the Black**—Most insurance companies can stand the cuts. They are getting well into the black on auto-insurance lines. Alfred M. Best, Inc., a firm that compiles underwriting results of insurance companies, recently made a report that the over-all loss ratio of stock fire-insurance companies on auto insurance dropped from 55.7% of earned premiums in 1947 to 46.5% in 1948.

Stock casualty companies haven't done quite so well, according to Best. Most of them did all right on liability insurance for bodily injury, but they took a loss on liability insurance for property damage.

Drug Makers' Profits, Prewar and Postwar

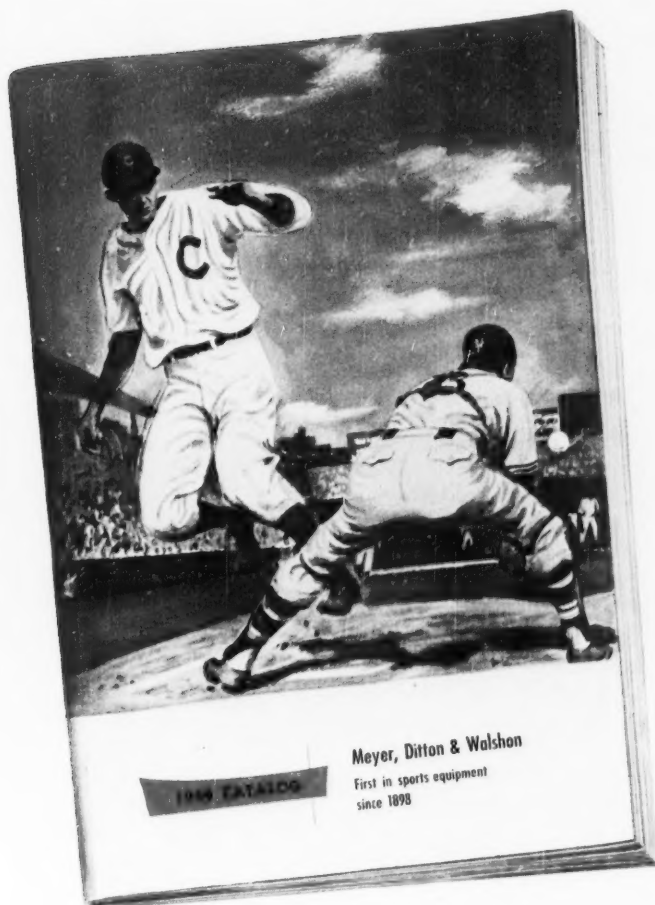
Earnings per Share of Common
(Adjusted for Stock Splits)

		Fiscal Year Ended	(1936-39 Range)				
Ethical Drugs			High	Low	1946	1947	1948
Abbott Lab.	Dec. 31		\$1.30	\$1.05	\$5.79	\$5.46	\$5.95
Merck	Dec. 31		1.74	0.30	5.11	5.32	7.34
Parke, Davis	Dec. 31		1.89	1.77	2.73	2.13	1.98
Sharpe & Dohme	Dec. 31		0.41	d0.17	2.84	3.14	4.16
Squibb	June 30		1.23	0.65	3.01	3.26	2.02
Proprietary Drugs							
Bristol-Myers	Dec. 31		1.75	1.61	4.90	2.66	2.94
Lambert	Dec. 31		1.71	1.54	4.52	1.53	1.90
Norwich	Dec. 31		1.16	0.89	1.23	0.70	1.59
Sterling	Dec. 31		2.65	2.53	3.59	3.09	3.24
Vick	June 30		2.11	1.61	2.74	3.06	2.66
Cosmetics							
Coty	Dec. 31		0.61	0.14	0.82	d0.08	0.42
Lehn & Pink	June 30		1.71	1.06	2.05	0.85	0.30
Miscellaneous							
Amer. Home Prod.	Dec. 31		1.74	1.27	2.31	1.72	2.36
McKesson & Robbins	June 30		1.21	d0.44	4.75	5.41	4.89
Rexall	Dec. 31		0.76	0.19	1.17	0.51	0.41

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Yet the search for new ways of making better leather and improving its quality and durability goes on. In the process of tanning leathers, for example, the age-old vegetable and mineral tanning materials like oak, hemlock, chestnut and chrome

are being supplemented by new synthetic tanning materials. Known as "*syntans*," they are the products of cooperative research between the tanning and the chemical industries and have contributed markedly to improvement and control of the quality of the leathers produced with their use.

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MOLDING THE FUTURE THROUGH CHEMISTRY



1 Equitable Life's O. S. Swenson (left) and C. W. Dow attend one of World Bank's semimonthly "information conferences"



2 The guests start their day-long orientation. Before panel talks, Bowery Saving's E. L. Nelson, Drysdale & Co.'s J. B. Watson, N. Y. Federal Reserve Bank's Norman Davis look over photographic display showing how bank loans are used abroad

Seeing What Makes the World Bank Tick



3 At 9:30 a.m. in the board room, the bank's new marketing director, Norman M. Tucker, extends a welcome to . . .



4 . . . Monumental Life's D. Wilson (left), First Boston Corp.'s J. Morrison, Watson, and the rest of the 18 visitors



5 Dow (right) and New York bankers E. A. Stephenson (left) and Victor Zoeller hear about the bank's capital structure. Later in the morning, other top officials fill them in on loan operations and policies and similar technical matters until . . .



6 . . . Coffee time gives W. C. O'Keefe of Metropolitan Life and his conferees a short break (TURN TO PAGE 86)

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WORLD BANK (continued from page 85)



7 One of three top-policy talks after lunch comes from Dr. J. W. Beyen (center foreground), an executive director. He deals with currency convertibility



8 Another executive director, Eugene R. Black, talks on marketing activities



9 Crammed with facts, guests leave for home in afternoon, aware that . . .

Bank's Guided Tours Do a Smooth Selling Job

The International Bank for Reconstruction & Development has a good thing in its semimonthly "information conferences." It started them last fall to talk up the bank to people who could do it most good—bankers, insurance men, investment-securities dealers, the press, etc. Since then, the bank has traced a lot of bids for its paper directly to the conferences.

• **Zoeller's Bid**—The case of Victor Zoeller, assistant vice-president of New York's Dollar Savings Bank, is typical.

Last year the bank loaned \$12-million to four Dutch shipping firms. It was able to resell all but \$1.5-million of the 2½% guaranteed mortgage serial notes

to 10 U.S. banks, including Zoeller's. Sitting in on the last "information" session, Zoeller (picture, bottom left, page 85) decided to make a bid on the remaining \$1.5-million.

• **Broader Market**—Now the bank hopes that the secondary market for its obligations will be broadened. There's pending legislation before Congress to allow commercial banks to underwrite and trade in its bonds. And the bank has also thought about floating its issues of dollar bonds abroad. Norman M. Tucker (picture, middle left, page 85), marketing director, stressed both last week in reply to criticism that the bank is slow in handling loan applications.

Young Shifts From Rails

His Allegheny Corp. buys control of Investors Syndicate, Minneapolis investment giant. Sales of rail shares and exchange of C.&O. holdings has Wall St. wondering if he will desert railroads.

Robert R. Young and his Allegheny Corp. have Wall Street guessing again. This time the Street is wondering if Allegheny will pull out of the railroad business and strike out for other fields.

• **Cause**—What stirred most of the speculation was an announcement last week that Allegheny had bought a controlling interest in Investors Syndicate of Minneapolis. The syndicate is the dominating unit of an investment-company group that has combined resources of about \$580-million. Overnight, Allegheny's purchase made it an important factor in what, for it, is a brand new business: the sale of investment contracts and open-end investment trust shares.

Wall Streeters think they have spotted other signs that Allegheny's devotion to rail securities has begun to wane. The company has been whittling away steadily at its once bulging portfolio of rail issues. Next: some of its prized holdings of Chesapeake & Ohio Ry. common. Allegheny said, this week, it would soon exchange some of its C. & O. common holdings for portions of its own outstanding preferred stock. That might bring down its holdings of C. & O. common to below 600,000 shares—less than 8% of the total outstanding.

• **Syndicate**—Allegheny hasn't said yet how much the Investors Syndicate deal cost. But it probably paid about \$1,750,000 for the 85,000 shares of voting stock (out of 115,000 outstanding) that it got from interests headed by Bert C. Gamble.

In the past, the lion's share of Investors Syndicate's business has been the sale of investment contracts and certificates. These are issued by the syndicate's subsidiaries, mainly against first mortgages. Besides the actual selling job, the syndicate manages the funds from the sales and acts as principal underwriter and investment manager for three open-end trusts.

Two of these trusts aren't particularly big. But the other, Investors Mutual, Inc., is a giant. It is said to be the biggest balanced-fund investment company in the business. Its holdings run close to \$138-million in corporate bonds and preferred and common stock (including about 25,600 shares of C. & O. preferred and common).

• **Gamble**—Gamble and his group have controlled Investors Syndicate since 1945. Gamble says he got rid of his personal holdings (about 66,000 shares)

because he wanted to give more time to the Gamble-Skogmo retail chain (BW—Mar. 13'48, p. 70). "You can't make a sideline of a company the size of Investors Syndicate," he says.

Gamble probably racked up a profit of about \$825,000 on the sale. But his desire to concentrate on his store business may still be the real reason he pulled out. Most retailers have been finding the going tougher and tougher lately. And Gamble-Skogmo is no exception.

It's true the company is doing better now than it was; current working capital is around \$35-million. But first-quarter sales this year dropped 13% under 1948. The chain showed a net loss of \$35,000, compared with the \$1.1-million net it rolled up in 1948.

• **Opportunity**—Gamble believes control of the investment-company group gives Young a great opportunity. Finances and operations of the companies have improved a lot since 1945. Under Allegheny-Young management, Gamble thinks further gains are definitely in store.

Allegheny's official reasons for buying into the syndicate aren't known. But one important factor may have been the securities-distribution setup the syndicate has in 44 states. Sources close to Young feel Allegheny now has a chance "to take the securities markets out of Wall Street and bring the masses into the capitalistic system."

• **Reception**—But some people in the investment-trust trade aren't too happy to have Young in the business. They know, for one thing, that he likes to tell a trade how to run its shops—and do his telling publicly.

A possibility that worries them more is that the Young-dominated trusts will become crusading stockholders. Investment-trust people don't want outsiders to accuse them of running the companies in which they hold an interest. They have already seen that accusation leveled at the insurance companies and it has made them touchy.

Conservative Wall Streeters are worried about another facet of the deal. The fact that a relatively small amount of cash can buy control of a huge trust has implied dangers. They think it sets up a definite question for the SEC and the investment-company trade to answer: Should control of trusted funds be allowed to change hands so easily, even when the purchaser has a high standing?

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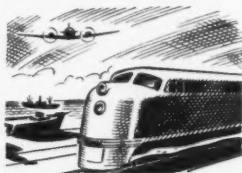
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Cities' Pet Target

Municipal income taxes are spreading, new survey shows. Reasons: They bring in money; are easy to collect.

City dwellers stand a better chance than ever of having their personal incomes tapped by the community fathers.

● **Survey**—That's the opinion of the National Industrial Conference Board, which has recently made a survey of the local-tax situation. It found that, more and more, hard-pressed municipalities are dipping directly into their citizens' purses. Taxing personal incomes is proving a lucrative means of offsetting ever-mounting operating costs and higher capital expenditures.

The board reported that since the war, five large cities in Ohio have adopted payroll income taxes—Dayton (as of Apr. 1, 1949), Columbus, Springfield, Toledo, and Youngstown. So have St. Louis and Louisville.

● **Pennsylvania**—In Pennsylvania, the payroll income tax has made good headway. Philadelphia pioneered the field when the state gave its O.K. to the nation's first local income tax back in 1932. And in 1947, Pennsylvania lawmakers passed an act that permits most of its local governments to tax about every source of revenue that the state itself doesn't tap. Nine Pennsylvania cities—Altoona, Carbondale, Erie, Jeannette, Johnstown, Monessen, New Castle, Scranton, and Sharon—have adopted payroll income taxes. So have 140 other local units throughout the state, including boroughs, townships, and school districts.

That's not all. In the last year or so, widely scattered communities have played with the idea, from Akron, Ohio, to Dearborn and other Michigan cities; from Madison, Wis., to Utica, N. Y.; from San Francisco, Calif., to Providence, R. I. Minneapolis officials tried to put such a levy over in 1947, but the voters turned it down.

● **Pattern**—Most city income tax levies follow very much the same pattern. The imposts apply to gross salaries, wages, compensation, and the like. They aren't graduated; they are assessed at a flat rate. Apparently only one city, Springfield, Ohio, allows any exemptions. Those who don't live within the city limits are hit on that part of earnings that accrues within the city.

Net profits of local corporations are taxed as well as personal income. Exception to this is Pennsylvania, where the state itself levies a corporate income tax; local governments in that state aren't allowed to levy taxes against any

source from which the state already draws revenue.

The first city income tax—Philadelphia's—started at 14% rate. But the impost was lowered ten years later. None of the municipal income taxes now in effect has a higher rate than 1%.

• **Advantages**—Main attraction of these levies is, of course, that they bring in so good a return. But for the city tax gatherers, they have another appeal. They are easy to collect. Employers have to act as collecting agents for the city; they withhold the tax from the payroll, send it direct to the local tax authorities.

• **Where Next?**—It's true that in many states, laws protect its citizens from municipal income levies. But there are plenty of places where this isn't the case.

In California (where no city income tax yet prevails), it is believed that 56 "charter cities" now enjoying constitutional "home rule" privileges have the power to levy such a tax. Michigan state law permits a municipality to levy "tolls, rents, and excise" provided a majority of its electorate approves. Ohio cities can thank their state's home-rule provisions for the recent outburst of local income taxes there. And there's always a chance that your state may, like Pennsylvania, pass a law permitting the local levies.

• **"By Any Name"**—Not all the levies now in effect are bluntly labeled "personal income taxes." They bear such varied tags as payroll income wage, earnings, and earned-income taxes. Technically, too, Louisville's levy is an occupational tax that's based on payrolls and net profits.

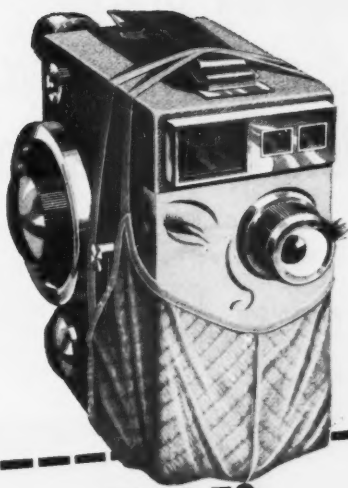
MUNICIPAL BONDS STRONG

The municipal bond market has been an early beneficiary of the Federal Reserve Board's order late last week reducing bank reserve requirements. Early this week, the Dow-Jones municipal bond yield index, which moves inversely to prices, stood at a 2.12% level; it was 2.15% just the week before. Not since late February has it reached a lower level—or have prices for the issues making up the index been as high.

The floating supply of unsold portions of this year's new offerings, however, is believed to run in excess of \$132-million. This is a lot of "float." And much of last week's price strength in municipals is understood to have been engendered by the market activity of professionals rather than by investment buying.

But that's not unusual. Whenever signs begin to appear indicating that prices may be headed for higher levels it's customary for dealers generally to start accumulating bonds so that they can cash in subsequently on the movement.

A good investment demand for municipals, moreover, was very definitely noticeable this week.



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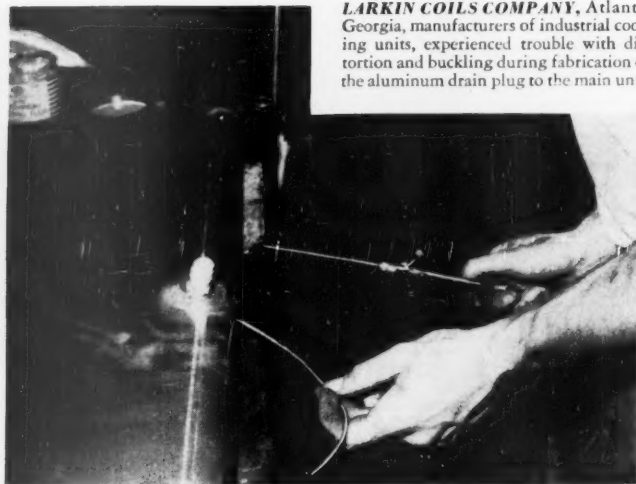
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FINANCE BRIEFS

Price of seats on the New York Stock and Curb exchanges (BW—Apr. 9 '49, p92) fell sharply last week. A Big Board membership sold for \$36,000, off \$5,000 from the previous sale; the Curb price was \$10,000, off \$5,500. Those are the lowest prices since 1943.

New state veterans-bonus bond issues coming soon: North Dakota, \$27-million; South Dakota, \$20-million; Iowa, \$35-million.

An annual report on a phonograph record has been sent to stockholders by Kansas City Fire & Marine Co. It takes three minutes to hear the message of the discs.

A congressional investigation of the life-insurance industry has been approved by the Senate Judiciary Committee. But it can't start unless (1) the House and Senate rules committee, (2) the House, (3) the Senate agree.

Plan for 'paying off the 35% of back interest now accrued on its \$13-million of income bonds has been worked out by the Missouri-Kansas-Texas R.R. It wants to issue new 1% income debentures in return for full surrender of the past-due interest coupons.

Increase in capital stock—from \$20-million to \$25-million—will go before Bank of the Manhattan Co. stockholders at a special meeting Jun. 1. New shares would be offered first to present stockholders.

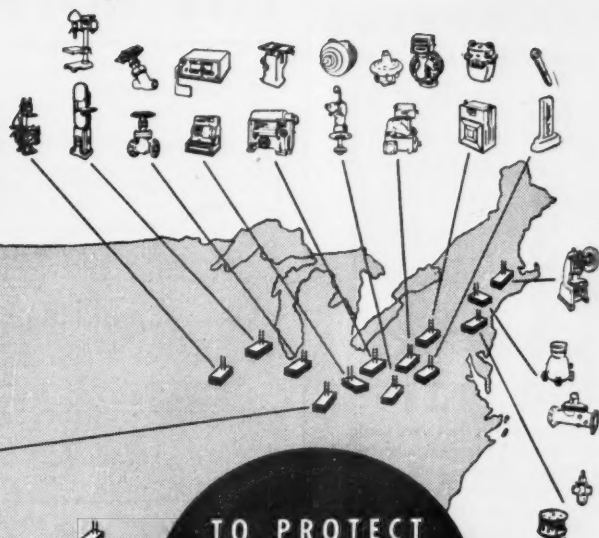
Payrolls of state and local governments hit a new high last October—\$795-million. Census Board says their 4-million employees added up to a new high, too.

New stock offerings in Wall Street last month were probably more than \$80-million. That would be (1) the highest monthly total since last June, and (2) the best April in three years.

The New York Central has asked the New York public service commission to O.K. a hefty rise in commutation fares. Price of unrestricted monthly tickets, for example, would go up as much as 46%.

Admiral Corp.'s first-quarter sales (\$23.5-million) were almost double those during the first quarter of 1948. And net earnings (\$1.5-million) were almost triple last year's, according to president Ross D. Siragusa.

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Woodworking Machines	
DELTA MANUFACTURING DIVISION	Milwaukee, Wis.
Machine Tools	
EDWARD VALVES, INC.	East Chicago, Ind.
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HOPEWELL DIVISION	Hopewell, N. J.
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Hydraulic Propulsion Units	
MAGNICK DIVISION	Tulsa, Okla.
Parking Meters (Manufactured for Magee-Hale Park-O-Meter Co.), Chart Clocks	
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RED STAR PRODUCTS, INC.	Norwalk, Ohio
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Punch Presses	

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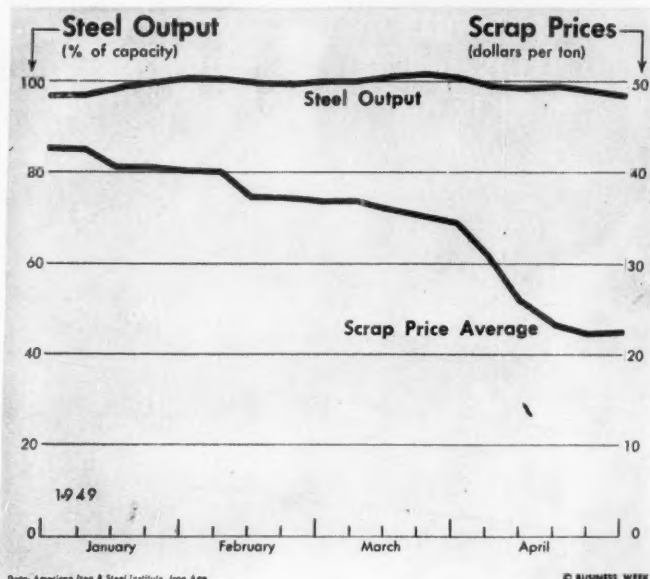
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THE MARKETS



SCRAP PRICES traditionally predict steel output. Are they forecasting...

A Slump in Steel Industry?

High first-quarter earnings fail to rally market. Drop in scrap prices now looks like real thing, as steel output lags. Test will come when end of inventory buying brings further slowdown.

Wall Street's bulls this week were quietly burying another dead hope. Steel Week—the time when the big steel companies announce their first-quarter earnings—has come and gone without touching off anything resembling the long-awaited spring rally in stocks.

• **Earnings High**—All the big-timers—U.S. Steel, Bethlehem, and Republic, for instance—came through with record or near-record earnings. But the mar-

ket took the news coldly. Stocks generally tended to sell off rather than rally. You might conclude from this that the market doesn't care what is going on in steel. But there you would be wrong. Every trader today is watching the steel industry as tensely as if he had everything he owned and his mother's engagement ring tied up in it. For behind the glowing earnings statements, traders think they can see real trouble ahead.

• **Trouble Signs**—In the past month or so, the weekly steel operating rate has shown faint but unmistakable signs of turning down. Even more ominous, steel scrap prices—the traditional forecaster of the industry—have slid sickeningly.

• **Scrap Tumbles**—The Iron Age composite index of steel scrap prices started the year at \$43 a ton. The first break came in January—down to \$40.92. February brought it to \$37.25. In March, the bottom fell out. Today's price is under \$23, and nobody is sure that represents the end of the line.

When the scrap market first started to

Security Price Averages

This Week Month Year
Week Ago Ago Ago

Stocks

Industrial	145.7	144.7	146.9	153.0
Railroad	38.6	39.2	40.0	48.5
Utility	72.0	71.1	71.3	69.8

Bonds

Industrial	98.8	98.8	97.2	95.7
Railroad	81.6	81.8	81.4	84.7
Utility	95.6	95.6	95.5	96.8

Data: Standard & Poor's Corp.

wobble, many steel men thought it was suffering from a special set of circumstances. European scrap was beginning to come in. Pig-iron supply was improving. Open weather in the East permitted scrap collection to go on right through the winter.

• **Output Off**—But in the past month or so, the industry has begun to realize that the drop in scrap prices also was forecasting a future drop in steel operations. And the first signs of that drop have shown up in the steel rate itself. In March, steel output got up to 102% of

rated capacity; now it is back to 97%.

Even at the present rate, a sizable chunk of current production is going into inventories. Steel users are putting a little aside to protect themselves against a possible strike—either in steel itself or in the coal mines. Warehouses are rounding out their stocks.

• **Real Test**—The real test will come when the inventory building stops and the steel companies have to cut production back to match current consumption. That's the showdown the market is waiting for now.

The Corporate Working Capital Picture

Net working capital of domestic corporation (excluding banks and insurance companies) rose \$4.2-billion in 1948 to \$64.8-billion.

That estimate was made this week by the Securities & Exchange Commission. But SEC stressed this fact: All of last year's gains were scored in the first nine months. In the last quarter, corporate working capital actually slipped a little—for the first time since the war ended.

You can't tell now whether this marks the start of a downtrend that will pick up momentum. Even so,

corporations as a whole haven't much to worry about working capital—for the near term, anyway.

At the end of 1948, each \$1 of current liabilities was covered by \$2.11 of current assets. And quick assets alone (current assets excluding inventories) covered current debt 1.34 times. In the past, fiscal experts have always considered 2-for-1 current-asset and 1-for-1 quick-asset ratios quite satisfactory.

Here is SEC's 1948 working-capital report in detail (in billions of dollars):

Current Assets

	Cash	Government Securities	Receivables	Inventories	Other Current Assets	Total
1939.....	\$10.8	\$2.2	\$22.1	\$18.0	\$1.4	\$54.5
1940.....	13.1	2.0	24.0	19.8	1.5	60.3
1941.....	13.9	4.0	28.0	25.6	1.4	72.9
1942.....	17.6	10.1	27.3	27.3	1.3	83.6
1943.....	21.6	16.4	26.9	27.6	1.3	93.8
1944.....	21.6	20.9	26.5	26.8	1.4	97.2
1945.....	21.7	21.1	26.3	26.3	2.4	97.8
1946.....	21.4	14.9	32.3	34.8	1.7	105.1
1947.....	22.6	13.4	38.2	40.6	1.6	116.6
1948:						
March 31.....	22.1	13.2	38.8	42.3	1.5	117.9
June 30.....	22.5	12.6	38.7	42.9	1.6	118.4
Sept. 30.....	22.8	13.0	41.3	44.6	1.7	123.3
Dec. 31.....	22.6	13.5	40.7	44.9	1.6	123.2

Current Liabilities

	Payables	Taxes	Other Current Liabilities	Total
1939.....	\$21.9	\$1.2	\$6.9	\$30.0
1940.....	23.2	2.5	7.1	32.8
1941.....	26.4	7.1	7.2	40.7
1942.....	26.0	12.6	8.7	47.3
1943.....	26.3	16.6	8.7	51.6
1944.....	26.8	15.5	9.4	51.7
1945.....	26.1	10.4	9.7	46.2
1946.....	31.3	7.9	9.7	48.9
1947.....	35.3	10.0	10.8	56.0
March 31.....	34.0	10.0	11.3	55.3
June 30.....	33.8	10.2	10.5	54.5
Sept. 30.....	36.2	10.6	11.2	57.9
Dec. 31.....	36.8	10.9	10.8	58.4

Net Working Capital

1939.....	\$24.5	1946.....	\$56.2
1940.....	27.5	1947.....	60.6
1941.....	32.3	1948:	
1942.....	36.3	March 31.....	62.6
1943.....	42.1	June 30.....	63.9
1944.....	45.6	Sept. 30.....	65.4
1945.....	51.6	Dec. 31.....	64.8



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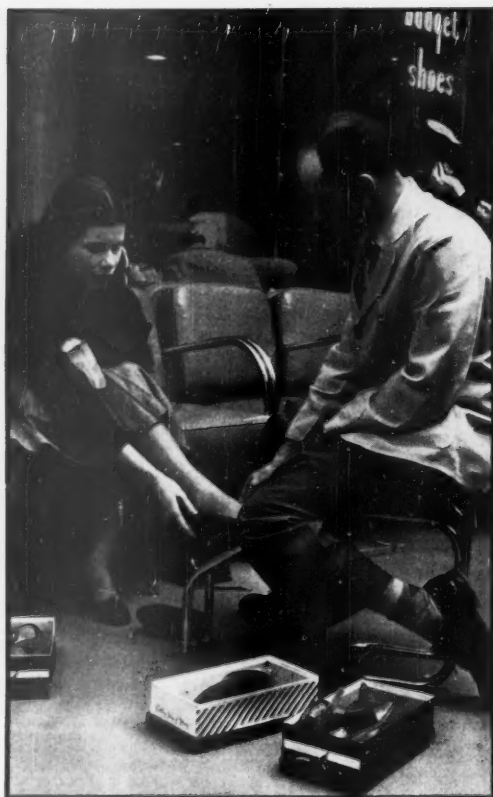
LABOR



1 Truck drivers are the first department-store workers the unions sign up in an organizing campaign. Next come . . .



2 Platform workers, who work close to truck drivers on the receiving platforms of department-store warehouses. Then . . .



5 Shoe clerks have been the easiest department-store salespeople to organize, experience has shown, while . . .



6 Salespeople in china, linens, and yard-goods departments usually have proved the hardest—and the last—to sign



3 Warehousemen come in. Gradually the union adds all the other stock handlers except the clerks behind the counters. Finally . . .



4 Elevator operators, porters, maids, and other lower-paid workers form the bridge into the store proper. Inside . . .

Trouble Spots in Store-Organizing Drive

Campaign to unionize department stores moves slowly. For most cities, big threat is still to come. Both sides get set.

What has happened to the unions' drive on department stores?

The department-store field—except in a few eastern and West Coast cities—has always been a quiet backwater. But late last year, both C.I.O. and A.F.L. said they were stirring up big organizing campaigns (BW—Dec. 25 '48, p. 62) in this field. C.I.O. drafted its powerful Amalgamated Clothing Workers of America to do the job. A.F.L. put a triple alliance of its Teamsters Union, Building Service Employees Union, and Retail Clerks International Assn. to work. What has been the result?

• **Survey**—To get the answer, BUSINESS WEEK took a careful look at department-store labor picture in 16 cities. The survey was timed to coincide with the Easter rush, when the stores were most vulnerable to union attack.

• **Spotty Findings**—Over the nation as a whole, BUSINESS WEEK found that the organizing campaign has failed to develop with the vigor and concentration that the unions promised. In a number of cities, there are signs that the drive is now moving into high gear. But during the big spring sales, unions generally did little effective organizing.

• **Organizing Pattern**—Experience in stores already organized gives a pretty good clew to how the unions will go about their recruiting job. Typically, the pattern is this:

(1) The union gets a foothold in a

store among the truck drivers and helpers.

(2) From the delivery service, unions move onto receiving platforms.

(3) Union sentiment develops in the warehouse.

(4) Elevator operators, porters, and maids are the next groups to be organized.

(5) After these non-selling groups have been recruited, unionism spreads into the sales forces.

• **Sales Organizing Pattern**—In most of the organized stores examined, the first sales department to "go union" is women's shoes. The last sales departments to succumb are usually china, linens, yard-goods, and home furnishings. (The nature of the various jobs—and the type of personnel it takes to fill them—accounts for this.)

City by city, this is the picture today:

I. San Francisco

Only factor present here is A.F.L. Retail Clerks. Amalgamated Clothing Workers up to now has not asserted its C.I.O.-awarded jurisdiction. Its business agents tell the stores confidentially that they have no intention of making a grab for clerks. As they explain it, the C.I.O.'s purpose is to organize the unorganized, not to raid established unions. The A.F.L. Teamsters are now making a play for the warehouses under

contract to the C.I.O. And the department stores make full allowance for the possibility that the Teamsters may take them on in years to come.

• **Last Frontier**—In San Francisco, where the union shop is the rule rather than the exception, the department stores are about the last frontier of the open shop. Yet they have a long record of contractual relationship with the A.F.L. Retail Clerks (as well as eight other unions).

In 1937 the stores banded together for collective-bargaining purposes as the San Francisco Retailers Council. Today some 30 stores belong.

In 1937, the Retailers Council didn't welcome the first move to organize the clerks. But before the Retail Clerks got very far with its drive, the Retailers Council agreed to recognize the union and sign a contract.

• **No Union Shop**—The agreement has been renewed annually without interruption. The Retail Clerks is still exclusive bargaining agency for salesmen, stock personnel, wrappers, markers, and white collar (office) people; but it has no union shop.

Every year a demand for a union shop has figured prominently in the union's new proposals. Always it has been turned down, despite two strikes.

In negotiations beginning this month, all the unions will present a united front to the Retailers Council on the union-shop issue.

• **Debated Strength**—There's a wide variance in opinion as to the strength of the union. The union claims it has

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II. Los Angeles

Organized labor is training its big guns on the rapidly expanding retail establishments in this city.

Local 55d of the C.I.O. United Wholesale & Department Store Employees has negotiated a contract with Bond Stores, Inc., retail clothing chain, in recent weeks. This is the only contract management has signed to date.

• **A.F.L. Bids**—The A.F.L. Retail Clerks is the other major bidder for the city's department-store clerks. One Retail Clerks local—whose members come from the drug and food retailers—has over 15,000 members and has been operating for over 11 years. So far no contracts have been signed with department-store management, although membership is claimed at over 1,000.

A.F.L. is concentrating on these department stores at the moment: Eastern Columbia, Milliron's, May Co., and Federal Outfitting.

• **Management's Stand**—Officially, big store management takes the position that its employees are not interested in collective bargaining. It has no quarrel with the unions.

• **Favorable Conditions**—Wages and working conditions in Los Angeles are much better than in some eastern cities where union contracts are in force, one management spokesman says. Another observer points out that department stores here have led the way in bettering working conditions over recent years via insurance, medical and retirement benefits, and other job-security measures.

III. Kansas City

No Kansas City department store deals with a union for its sales clerks. In fact, over the last two years union strength in the retail field has receded. Unionization is now confined to food stores and some specialty chains.

Kansas City department-store management will not be surprised if the Teamsters A.F.L. makes a real effort to extend its foothold among warehousemen and delivery men. There are no indications at present, though, that a large-scale drive on store employees is in the works.

Store management is making determined efforts to improve personnel practices.

IV. St. Louis

A concerted drive is under way in this city. None of the three major stores here is now organized except for the building trades craftsmen who are employed in maintenance work. In 1945 a group of unions lost an NLRB election

at the Famous-Barr store. Another organizing attempt in 1946 also fizzled.

• **Pressure Points**—The current effort is being undertaken by: (1) C.I.O.'s Amalgamated Clothing Workers—which is concentrating on sales people; (2) A.F.L.'s Teamsters—which is bidding for nonselling employees; and (3) A.F.L.'s Building Service Employees—recruiting among elevator operators and maintenance employees. It looks as though A.F.L. and C.I.O. forces have reached some agreement for a division of the field.

In any event, it seems clear that store management here is face-to-face with a very real and immediate threat of unionization.

V. Milwaukee

Of an estimated 10,000 department-store employees here, only 150 warehouse workers at Gimbel Bros. are organized. This group belongs to the C.I.O. The last serious effort at organizing other employees took place in 1946, when the Retail Clerks (A.F.L.) lost an NLRB election by a vote of almost six to one at F.d. Schuster & Co.

• **A.F.L. Council**—The most important development in the retail labor field here recently has been the establishment of a state-wide Service Trades Council. This is an alliance of A.F.L. unions that share an interest in department stores, hotels, laundries, and other service industries. The council plans to move in on one city in the state at a time and concentrate all of the energies and resources it can mobilize on organizing that city. Milwaukee is scheduled for such heavy attention, but the time has not yet been set.

• **Union Weapon?**—Both the A.F.L. and C.I.O. claim that they have been handed a weapon in the discharges that allegedly occurred when the Federated Department Stores chain recently took over the Boston Store. Job security is their big talking point.

There is some suspicion in the ranks of management that the union is having organizers apply for jobs in the stores. These organizers supposedly are kept on union payrolls while they work in the stores and are setting the stage for a recruiting drive from the inside.

All department-store deliveries in Milwaukee are handled by United Parcel Service, which has been under contract with the Teamsters Union (A.F.L.) for 11 years. Thus far the Teamsters have shown no further interest in the department-store business.

VI. Chicago

This city is relatively quiet. The Fair store is the only State St. establishment whose sales people are organized. They are members of the Building Service

Employees (A.F.L.). They switched their affiliation two years ago from C.I.O.'s United Wholesale & Retail Employees.

The B.S.E. also has a contract with Marshall Field & Co., covering certain nonselling groups. Both the union and management of these two stores feel that their labor relations have been amicable and on the whole satisfactory.

• **Amalgamated Quiet**—The Amalgamated Clothing Workers (C.I.O.) has started nothing in the way of a major organizing effort.

Chicago department-store management expects an outcropping of serious union activity—when, it doesn't know.

VII. Birmingham

C.I.O. lost an NLRB election at the Pizitz store in 1947, and the department-store labor front has been quiet ever since. The state director of the C.I.O. says, however, that the Amalgamated will have an organizing squad in Birmingham within six weeks to launch a large-scale campaign.

The Retail Clerks (A.F.L.) do not have a local union or a representative here.

Since the C.I.O. is an important factor in Birmingham mills and factories, there is some expectation that an Amalgamated drive may be serious. Thus far, however, there are no signs of any fireworks.

VIII. Atlanta

Except for some Teamster (A.F.L.) activity among delivery departments, the department-store labor picture is tranquil. Both A.F.L. and C.I.O. use this city as a headquarters for activity throughout the southeastern states.

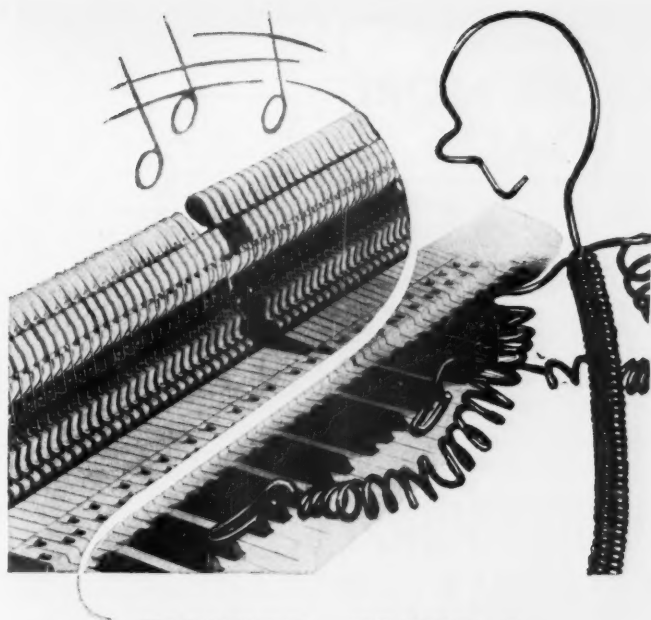
Savannah seems to be the only place where organizing activity has gone into high gear. There A.F.L.'s Retail Clerks has petitioned for an NLRB election in the Leopold Adler store.

• **Waiting on T.H.**—The A.F.L. and the C.I.O. have found the Taft-Hartley act a serious brake on organizing activities in this part of the country. Both say that as soon as the law is amended or repealed, they will launch large-scale campaigns.

IX. Cincinnati

Both A.F.L. and C.I.O. groups are active in this city. The Retail Clerks (A.F.L.) has petitioned for a collective-bargaining election at the Rollman & Sons store. In another petition the same union has sought an election at the Robinson-Schwenn store in nearby Hamilton.

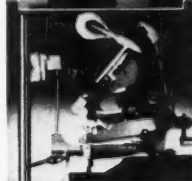
• **Big Target**—The Retail Clerks has its sights on what it estimates to be 25,000 unorganized retail employees in the



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Cincinnati metropolitan area. The union claims there are "at least 75" small retail units just about at the point where the union will press management for signed contracts. Labor feels its most valuable talking points have been "unfairness in promotions and unfairness in the sales-quota system." There are no department-store contracts now.

The Teamsters (A.F.L.) has the United Parcel Service organized and has contracts with several of the other larger stores which operate their own trucks.

The Amalgamated's Cincinnati director is Jack Kroll, who is best known for his work as director of C.I.O.'s Political Action Committee (P.A.C.). Kroll says that he is preparing to give the department-store drive in his home town his close attention.

• **Management's Program**—Cincinnati store management has recently been improving and liberalizing personnel practices. A hospitalization program put in recently by the John Shillito Co. drew the following comment from the local C.I.O. paper: "It shows how strong we are. It was no coincidence that the plan was not announced until after our drive got moving."

• **Techniques**—An interesting difference in the technique of the A.F.L. and the C.I.O. appears in Cincinnati. The A.F.L. group concentrates on passing out literature to employees as they enter or leave the store. C.I.O., on the other hand, concentrates on making a home-to-home canvass of potential members.

X. Detroit

The Amalgamated Clothing Workers had a base in Detroit retailing before it got C.I.O.'s jurisdiction over department stores. It has an estimated 10% of retail-store employees through its contracts with chains and specialty stores in the city.

• **Amalgamated Plans**—Amalgamated's plans for moving in on the department stores call for the setting up of a high-level headquarter establishment from which a large group of organizers of the "white collar" type will operate. The union wants to promote parties and social events in the better Detroit hotels, and to cultivate store employees on many grounds. That effort is scheduled to start next fall.

The J. L. Hudson Co. store is so large that it overshadows all Detroit retailing. Therefore, the Amalgamated aims to concentrate on Hudson on the theory that when it is organized, every other store in town will stop fighting unionism.

XI. Cleveland

The Retail Clerks (A.F.L.) circularizes the sales people in Cleveland de-

partment stores twice a week. So far, it hasn't been able to point to any results, though. The Building Service Employees (A.F.L.) has petitioned NLRB for certification to represent the elevator operators at Bailey Department Stores. The Amalgamated (C.I.O.) has done nothing publicly except to announce that it is going to organize 30,000 department-store workers. It looks now as if nothing notable will happen on the department-store labor front in Cleveland before next fall.

XII. Buffalo

The Amalgamated operates under a handicap in Buffalo because it is a C.I.O. union. Its predecessor in the field—the United Retail Wholesale & Department Store Employees—lost a costly strike at Goldblatt last year. Partly because of the expense of the strike, Goldblatt closed its Buffalo store. Except for a toehold in the L. L. Berger (women's wear) store, where it has the alteration department organized, the Amalgamated has nothing in Buffalo retailing. It has issued the usual statements, however, about a major drive.

• **Model Relations**—The Retail Clerks (A.F.L.) has a contract with the J. N. Adam store where it considers its relations with management a model of good employer-union cooperation. The store provides an office for a union agent, for quick settlement of grievances. The terms of the J. N. Adam contract set the standards for wage minimums and personnel practices for the other stores, none of which are organized.

• **Fighting Bunnies**—The Retail Clerks union took advantage of the Easter season to picket the Beir Bros. store in Niagara Falls for recognition. The store continued to operate. At one point, to attract parents with children, it advertised that an Easter bunny would put in an appearance at the store. In retaliation the Retail Clerks Union had an Easter bunny of its own on the picket line. The union bunny stopped children as they headed for the entrance. The pickets gave them some holiday candy, and tried to persuade them to go across the street to the J. N. Adam store, where there was "a bigger and better" Easter bunny for them to see.

The Retail Clerks is planning a drive in summer at the Hens & Kelly store. This union appears to be the most active organization in the Buffalo retail field.

Teamsters and Building Service Employees (both A.F.L.) have shown no signs of activity.

XIII. Baltimore

The Retail Clerks (A.F.L.) claims members in all of the big Baltimore stores; but so far it has neither negoti-

ated any contracts with management nor asked NLRB to hold elections.

Last Christmas season, a representative of John L. Lewis' United Mine Workers suggested to the management of one large store that it negotiate a contract with U.M.W. Nothing came of this.

• **Inactive**—The Amalgamated (C.I.O.), which has some strong locals of tailors in Baltimore, is developing a special operation to tackle the stores. It has not yet become active.

Baltimore store management men profess to have no worry about the success of an organizing drive in the city.

XIV. Philadelphia

The Retail Clerks (A.F.L.) is established in Lit Bros., N. Snellenburg & Co., Blauner's, Stern & Co., Frank & Seder, and in some of the departments at Gimbel. Most of the contractual relations go back from eight to 10 years. The Amalgamated (C.I.O.) has done nothing since it got its jurisdictional grant. It inherits a C.I.O. tradition of failure in Philadelphia department stores. A strong C.I.O. effort to organize Wanamaker's was defeated. Today Wanamaker's as well as Strawbridge & Clothier, are targets in a Retail Clerks organizational effort.

• **Long History**—The large units in the Philadelphia retail field have had long experience with unionism. Warehouse workers have been represented by the Teamsters (A.F.L.) for a dozen years. Elevator operators, porters, maids, and tailors also have a long history of unionism. Philadelphia retailing has had no serious strike since 1938, when the warehouses were involved in a labor dispute.

There have been one or two reports that organizers sent by the Communist-controlled independent department-store unions of New York City have come to survey the possibilities of the Philadelphia situation. Thus far, however, this left-wing group has not made an open appearance in the Quaker city.

XV. Boston

Filene's is under contract to the Retail Clerks. Jordan-Marsh and Gilchrist are also organized by the A.F.L. Stearns has an independent union. R. H. White is C.I.O. This makes Boston department stores the most thoroughly unionized, perhaps, in the country—excepting New York and San Francisco.

• **Peaceful Relations**—On the whole, labor relations have been peaceful. A recent dispute at Filene's over the terms of a new agreement threatened at one point to blaze into a strike. A settlement was finally achieved, however, on the basis of a \$2.00-a-week retroactive wage hike. Under the new contract the



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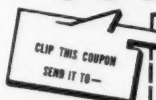
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XVI. New York

With the exception of the Fifth Avenue department stores—where the Building Service Employees Union (A.F.L.) bargains for elevator operators, porters, and maids only—New York City retailing is pretty thoroughly organized. The dominant labor group is a cluster of independent unions under left-wing leadership. They seceded from the C.I.O. in order to be free to follow a left-wing line.

● **Organized**—The independents' bargaining status at R. H. Macy, Namm's, Stern Bros., and Bloomingdale Bros. was challenged by the Retail Clerks (A.F.L.). In each instance, however, the left-wing local involved was able to hold its strong position by winning an NLRB election.

Gimbel and Hearn are the other important New York stores that have contracts with left-wing locals operating as independent unions. The Retail Clerks have Wanamaker's and Oppenheim, Collins under contract. The only big non-Fifth Avenue store still unorganized is Abraham & Straus in Brooklyn, where Communist-led efforts have been defeated. The Amalgamated (C.I.O.) has yet to make its influence felt.

All delivery operations in New York City are handled by United Parcel Service, which is under contract to the Teamsters Union (A.F.L.). The Teamsters also has a contract in a big Macy warehouse and has shown signs of moving on other store warehouses.

Communist-led unions in the New York retail field have for a long time had things pretty much their own way. Their violent tactics and ruthless bargaining techniques have driven up labor costs to the point where most stores in

New York are now in a very dangerous break-even position.

● **Bargaining**—A 1949 fourth-round wage pattern is in the process of being set. Spirited negotiations at Macy have reached an impasse, and a strike threat hangs over the nation's largest department store. Its minimum wage is now \$33.50, and it has offered a \$1 raise. The union has turned the offer down. Bloomingdale is also threatened with a strike, although contract negotiations are held up pending certification of the left-wing local which has just won an NLRB election. The principal issues in dispute are wages and welfare demands.

The Communist-led independent locals are pushing for a city-wide "master contract." It would cover all the unionized stores and consolidate the left-wing control over department stores.

● **Retailers Combine**—Some of the more important New York department-store employers are banded together in the Retail Labor Standards Assn. It acts as a clearing house for information on wages, personnel practices, and affairs of common interest in personnel and labor-relations fields.

● **Gloomy Prospects**—The bitterly competitive atmosphere in New York retailing has long hampered effective joint management action. Over the years, it has played into the left wing's hands. If the situation in New York City represents the ultimate development of department-store labor relations elsewhere, the outlook for this industry is very dark.



Retailers' Labor Expert

James Mitchell, vice-president of Bloomingdale's in New York, is the leading management figure on the simmering retail labor front. He holds the vital post of chairman of the employee-relations committee of the National Retail Dry Goods Assn.

The Pictures—British Combine—21 (rt.); C. Peter Davis—24, 25; European—105; Int. News—21 (left); Bob Icar—94 (bot.); Gretchen Van Tassel—85, 86; Wide World—21 (cen.), 106.

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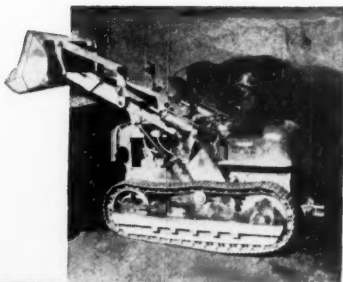
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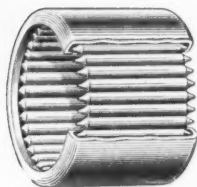
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

MAY 7, 1949



Rumors of a "recession" in western Europe are really healthy signs of recovery—in France and Britain, at least.

True, retail prices in France tumbled another 1.5% last week. They are down 10% from January. Small businessmen are howling for more credit.

But the French government thinks that nothing could be better—that inflation is still the thing to beat. The government has some strong arguments: (1) March industrial output hit a postwar high—27% above prewar; (2) in the first quarter of 1949, exports tripled the comparable 1948 figure.

•
There's no sign of a slump in Britain either.

Businessmen are complaining that the purchase tax on consumer goods is stifling demand. But that's what it is supposed to do. Whitehall can tap a tremendous market any time it wants to lift the tax.

But Whitehall isn't ready yet. Britain's exports in March were 62% above prewar—ahead of the target set in Sir Stafford Cripps' Economic Survey for 1949. Retail trade, too, was up a bit over the first of the year.

The fact is Britain's planners aren't worried about a recession at all this year. And when one does threaten, the British Treasury will probably meet it first by lifting curbs on industrial expansion rather than by easing the purchase tax.

•
There are signs of a slump in Belgium and, to some extent, in Holland and Italy. But these can be traced directly to trade controls. There is plenty of demand for Belgian, Dutch, and Italian goods in western Europe. But economic fences block off the market.

That's one big reason why Washington thinks it's time to start reselling western Europe on the advantages of competitive trade (page 21).

There can be no expanding market for European goods as long as trade is held back by quota and exchange curbs. The trade slump in the low countries shows that recovery can go only so far and no farther.

•
Western Europe's bilateral trade system dampens the incentive to plan production for an expanding market.

By cutting costs and selling hard a businessman can get around tariff walls that aren't too high. But nobody can beat restrictions which prohibit imports or limit them to fixed quotas.

OEEC experts in Paris are up against this fact in trying to fit western Europe's new investment plans together. Thanks to trade controls, they can't even estimate the future market. So their work boils down to an attempt to guard against overproduction.

•
Washington thinks the charter for the International Trade Organization may just squeeze through Congress—if it gets out of committee.

Signed by 50 nations in Havana last year, the charter sets up a United Nations body to assure fair play in international economic relations.

The complicated ITO charter has been the subject of three years of conferences and debate. U. S. business is still split wide open over it.

•
Here's the lineup:

Against ITO: National Assn. of Manufacturers; National Foreign Trade Council; and the U. S. Council for the International Chamber of Commerce.

In the words of N.A.M. this group believes that "numerous exceptions and authorizations in the charter have made mere phantoms of the originally

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

MAY 7, 1949

avowed objectives—progressive lowering of tariff barriers, elimination of quota and import embargoes, abandonment of discriminatory trade practices. . . ."

For ITO: National Council of Foreign Importers; Foreign Traders Assn. of Philadelphia; and the new Committee for ITO, headed by William L. Batt, president of SKF Industries.

This group admits the charter isn't perfect, but thinks it is a real start toward freer world trade and more economic development.

Still to be heard from: The National Planning Assn.; the Committee for Economic Development; and the National Grange. Right now both N.P.A. and C.E.D. seem to favor the charter. But their final position won't come for a few more weeks.

Russia has run out of pounds. So Soviet representatives in London have suddenly shown interest in winding up talks on a short-term Anglo-Soviet trade deal.

Russia probably piled up a £25-million surplus trading with Britain under the grain-for-machinery pact, just ended (BW-Jan.3'48,p67). Grain shipments from Russia arrived regularly; but the Russians bought only 15% of the agreed amount of capital goods.

Where did the surplus go? Roughly, £14-million was spent on Australian wool; £11-million on Malayan rubber. Russian earnings from other members of the sterling bloc have apparently been spent on cocoa, copra, and other raw materials.

India's decision to stay in the Commonwealth family has important economic significance.

It assures India's continued membership in the sterling bloc—and continued attachment to British exchange controls.

It means British technicians and businessmen will keep their influence in India. Britain's trade position remains strong.

It means continued British commitments to India's defense and reconstruction. A good portion of Britain's capital goods exports will continue to be channeled to India. That means Britain will be even less willing and able to mesh its economy with western Europe.

Here's the sort of political bog Truman's Point 4 program may run into:

This week the French government announced that Gulf Oil Corp. and Shell Oil Co. had been given prospecting rights in Tunisia.

The leftist French press shrieked "imperialism"; several conservative papers expressed regret; a North African deputy threatened to call the government on the carpet in the National Assembly. News that an Algerian company had brought in a gusher in Algeria capable of spewing up five tons of crude a day added to the furor.

Yet the French get a good deal from Gulf and Shell.

Two Tunisian companies in which Gulf and Shell own 65% of the stock have a 14-year concession to prospect over about 9,000 sq. mi. each. A maximum of 60% of the crude produced may go for Tunisian use.

Any hard currencies earned by the companies must be handed over to the French Exchange Control. Gulf and Shell must sink a minimum of \$3-million each into the project during the first five years.

This project will help bolster French oil plans. This year France has earmarked only \$8.2-million for oil prospecting throughout its whole empire.

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BUSINESS ABROAD



PACT SIGNERS Sforza of Italy (right) and Schuman of France move toward . . .

Forging Franco-Italian Link

Treaty providing customs union in a year, complete economic union in six years comes up for ratification soon. Pact poses many problems but lawmakers will probably O. K. it.

PARIS—The French and Italian parliaments will open debate in a few weeks on the first decisive steps toward economic unity of the countries. The heads of government will ask the lawmakers to:

(1) O.K. the creation of a customs union within a year's time, and

(2) Pass legislation aimed at complete economic union in about six years.

• **Good Bet**—Odds are that both parliaments will go along with the scheme. ECA has been urging the two governments to take the plunge for some time now. It has argued that a customs union will let competition knock out uneconomic enterprises, stimulate new and sound ventures. In the past few weeks, ECA has stepped up pressure to remove the trade barriers.

• **Reasons Why**—French and Italian leaders know their economies are technically good testing grounds for unification. They are competitors in many fields. Greater specialization of production could bring a higher standard of living for both of them. The pious hope is, of course, that French and Italian industries will specialize, not cartelize.

The French and Italians have a sec-

ond idea about the union in the backs of their minds. It may someday be a shield to protect home industries against U.S. competition. The customs union will expand the internal market for French and Italian goods. If a tariff wall is set up around the two countries, the customs union might have the effect of increasing self-sufficiency.

Of course, if it works out that way, the U.S. taxpayer may be in for a big disappointment. The objective of the Marshall Plan is to get western European economies integrated so western Europe can compete in the world market, not so western Europe can become self-sufficient.

• **Treaty**—The treaty which the two parliaments will be called on to ratify was signed at the end of March by Foreign Ministers Sforza and Schuman. The treaty embodies the recommendations of the Franco-Italian Customs Union Commission, which for the past eight months has been studying the steps for a complete merger of the two economies.

The commission laid down four guiding principles for a gradual approach to economic union:

(1) Each country should balance for-

eign-trade accounts before trade is merged. To this end, the commission asked for joint drafting of national-investment plans, export and import programs.

(2) Monetary union is the key to economic union. Economic union means free circulation of capital, goods, and people between the countries. Before that could be allowed, the commission said, the countries would have to standardize their laws on wage levels, social security, fiscal policy.

Until free convertibility of the franc and the lira could be achieved, the commission recommended regular adjustments of the exchange rate to keep it in line with the price levels in each country. (The first adjustment came last month.)

(3) Some form of subsidy should be worked out for the industries that will bear the brunt of new competition after tariffs are scrapped. The commission hoped that these subsidies would be temporary—only long enough to tailor production patterns to the new system.

(4) The union should take in only Metropolitan Italy and France plus Algeria at the start. The door would be open to other dependent territories later.

• **Too Cautious?**—Many European economists have branded this approach to economic union as too conservative. They feel the subsidy measures and the implied continuation of import quotas (to balance foreign-trade accounts) will wipe out the benefits of a customs union. And they think that standardization of economic legislation as a prerequisite to economic union dooms the whole idea to a slow death in parliamentary debate.

But it's a cinch that no more radical commitments could be wrung out of either parliament now. As it is, the customs union will face more political obstacles than a Republican candidate in Georgia.

Already French silk and auto manufacturers are crying havoc at the thought of direct Italian competition. French labor fears its wage structure will topple under the weight of cheap Italian workers.

While a customs union promises great advantages all around in the long run, it will twist existing production patterns badly in the short run. And politicians stand or fall on the short run.

• **Problems**—You can see how tough economic union will be from a few highlights of the commission's report:

Fruits and vegetables. Both countries are pushing output from truck farms to the limit to earn foreign exchange. Fruits and vegetables make up 25% of Italy's export revenue. They sop up a lot of excess Italian manpower, too. (Truck farming takes eight to ten times

as many man-hours as other types of farming.) Under the customs union some splitting up of the fruit-and-vegetable-export market will have to be worked out.

Wine. The commission set up a whole battery of controls aimed at cutting down Italian competition to French wines. It asked Italy to cut back its wine-grape acreage to 1914 levels.

Silk. The commission suggested a specialization plan to save what is left of France's sickly silk industry from the competition of its husky Italian neighbor. France is planning a maximum silk output of only 1,500 tons in 1952; Italy is aiming at 60,000 tons.

• **Others**—Other products will benefit under the expanded internal market that will come with customs union. France is shooting for a 1.5-million-ton wheat surplus in 1952. That would just about cover Italy's expected deficit. Italy will be able to sell some of its surplus rice crop in France. France would be able to cover part of Italy's seed potato needs. Italy produces a lot of excess hemp and tobacco, both of which France could use.

• **Effects on Business**—The commission recommended that French and Italian industrialists work out the effects of the customs union on industry among themselves. Businessmen in both countries have already started.

To help the businessmen, the commission recommended that the two governments standardize policies on industrial price controls, subsidies, allocations systems, and production taxes. The commission also insisted that both countries synchronize their capital-investment programs—starting now.

Scraping the tariff barrier between the two countries within a year was the most important trade recommendation that the commission made. It involves setting up a common tariff wall for the two countries in world trade. Before it can be done, the commission thinks the franc-lira exchange must be brought into line with the price levels in the two countries. The commission was gambling that each country would achieve enough internal stability this year to allow exchange-rate stabilization.

• **Manpower**—Italy's huge and growing manpower surplus pretty well stumped the commission. Free movement of people from Dunkirk to Sorrento is one of the keystones of economic union. But nearly 2-million Italians are now jobless; the figure is going up by 200,000 a year.

Unemployment in France touched the 100,000 mark recently. And there are 300,000 more Frenchmen in the world every year. True, France is still short of skilled labor: It could absorb 30,000 farmers, 41,000 miners, 10,000 construction workers, and 6,000 metal workers, according to official estimates.

But this wouldn't begin to put a dent in Italy's jobless payroll. Besides, it is doubtful if even that many really qualified workers could be dredged out of Italy's manpower pool.

The only long-term solution that the commission saw for Italy's manpower problem was resettlement in French dependent territories. But these territories would first have to be developed economically with big new investments.

Meanwhile, the commission asked for a series of technical measures to make it easier for Italians to get jobs in France. Most important steps: scrapping passports, streamlining recruiting methods, offering special inducements to French employers hiring Italian workers.

• **Finance**—The commission wound up its work by throwing out some general financial principles to follow in building an economic union:

(1) All capital earnings and bank accounts should be transferable between the two countries.

(2) The two countries should consult each other before making any change in their exchange or monetary policies. After economic union, there should be no changes without the consent of each.

(3) The guiding rule in setting fiscal policy should be to achieve a steady and equal pressure on prices in both countries. Complete fiscal union could follow.

• **U. S. Stake**—These are the plans that the French and Italian parliaments are being asked to turn into a firm commitment. The U. S. has staked many billions of dollars on the ability of western Europe to survive if it merges its economies. Franco-Italian economic union would be the biggest move in this direction so far.



The French Turn 'em Out Big, Too

This oversize truck and trailer recently did its bit to boost France's export program. Built by a tractor firm called Willem for delivery in Portugal, it has 28 wheels, a capacity of

BUSINESS ABROAD BRIEFS

India could use two more steel plants (BW—Jun.19'48,p116), and Koppers, Arthur G. McKee, and Britain's International Construction Co. have joined together to supply them. Each will produce about 600,000 metric tons, cost \$150-million to \$180-million.

British auto magnate, Sir William Rootes, is thinking of building a plant in Brazil.

The Dutch hope that rubber highways will open an unlimited new market for natural rubber in the U. S. The Netherlands Rubber Foundation has turned over a formula for making roads out of latex and asphalt; it's being tested in Ohio, Texas, and Virginia (BW—Apr. 23'49,p42).

Rumors about a Ford plant in Israel are only partly right: Ford has plans—but for the very distant future.

Sinclair Petroleum's first oil well in Ethiopia will come in this week.

Britain's farm-machinery industry is cultivating the Canadian market. An industry delegation, invited by the Canadian Federation of Agriculture, arrived this week.

Sour note in Salzburg music festival this month will be the U. S. Army. It has requisitioned more than a third of the 3,200 guest accommodations available, many of the famous cafes and restaurants. Austria wants the Army to bow out for music-lovers and tourists.

more than 130 tons, and a 220-hp. diesel engine with a transmission with 12 forward speeds. Sitting in front of it is a pint-size, 4-hp. Renault sedan.

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FORD FOUNDRY assembly line interests British foundryman Hardy (right), but lack of long-run orders make such things hard in Britain; Hardy has been here . . .

Swapping Foundry Problems

ECA sends team of British foundrymen to study U.S. methods. American standardization and mass production impress them. But they feel British excel in over-all quality, apprentice training.

William L. Hardy, of Braintree, Essex, England, is an old hand with patterns, moulds, and castings. For more than 20 years he has worked his way up through the ranks of his trade; today he is the foundry manager of Lake & Eliot, Ltd.

Last week Hardy and 14 other managers and workers from British steel foundries piled aboard the Queen Mary and headed home after a tour of U.S. foundries. In six weeks, they took in 20 steel foundries in seven eastern and mid-western states. They were the first of several British teams to come to this country to study U.S. production methods under ECA's technical-assistance program.

• **Standardization**—The thing that impressed Hardy most was the "uniformity of ideas that persist throughout U.S. foundries." He found that, for a given pattern, metal practices, sand factors, gating, and feeding are much the same all over the country.

Hardy would very much like to see British foundries standardize more. A few of the technical twists that he

picked up he hopes to install right away at Lake & Eliot.

• **Limit**—But he warns that the degree of standardization possible in British foundries now is very limited. Reason: The rest of British industry isn't standardized. British foundrymen today spend by far the bulk of their time on special castings rather than long-run orders.

Take the case of railroad rolling stock, for example. In the U.S., a given casting can be used on any railroad. But in Britain, Hardy says, each railway system requires its own set of castings.

Hardy found that in the U.S. even special castings are partially "mass produced." He saw a typical example at Crucible Steel Casting Corp., Milwaukee. Here "odd castings" are turned out on a semimechanized basis by using automatic sand feeders and power rammers. Few if any U.S. foundries would be without these devices. But they are "the exception rather than the rule" in British steel foundries. (Hardy says British iron foundries are better equipped.)

• **Cost**—But mechanization costs money. And Hardy thinks that British foundries

can't afford to mechanize unless they get the profitable long-run orders—"bread-and-butter orders," he calls them—that U.S. foundries have.

All in all, Hardy guessed that the U.S. is 10 years ahead of Britain in mechanization. Besides the lack of bread-and-butter orders, he cites the war and lack of competition as being responsible for the difference.

The war was a boon to U.S. industrial expansion, Hardy points out. But Britain had to fight with old tools. "Some of us had to go on working with the roofs blown off," Hardy's own company had blueprints ready for foundry expansion when the war broke. These, like countless other plans, had to be scrapped. And, "a year's postponement of any project in industry means a lot."

• **Lack of Competition**—Since the war, Hardy says, British foundries have had so much business that there has been no incentive to compete—and thus, no incentive to mechanize. Today, for instance, Lake & Eliot has a six- to nine-month backlog of orders.

Hardy was impressed by the degree of competition between U.S. steel foundries. "When one manufacturer installs a more efficient piece of equipment, his competitors almost have to follow suit."

Hardy also found that competition-conscious U.S. foundries sink a lot more money into research than their British counterparts would or could. He says there is no important research center for steel foundries in Britain, though there is one for iron foundries.

• **Not the Answer**—Hardy is no socialist. He would like to see a return to competition; he feels it would bring a much higher degree of efficiency to British steel foundries. "A worker has to be

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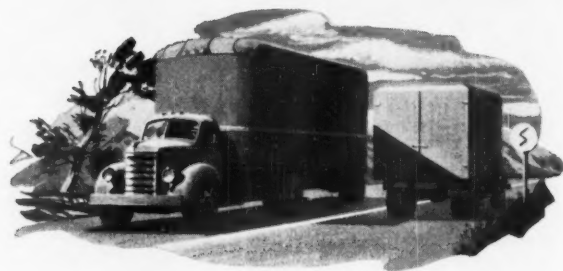


BRITISHIER Hardy (left) and British patternmaker Skidmore inspect a casting at Lebanon (Pa.) Steel Foundry





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prodded—perhaps by some unseen fear—to do his best.

But at the same time he doesn't think nationalization of Britain's steel industry "will make one iota of difference now." The move won't remove the advantages of competition since competition doesn't exist anyway now.

• **Quality**—Hardy is proud of the quality of British foundry work. On the average, he rates it a cut above that in the U.S. "We have only one quality standard, the best." In the U.S., he feels, foundries tend to "overdo it" when top quality castings are ordered. And when "very ordinary" castings are required, they are "very ordinary, indeed."

Hardy figures that British castings get twice the number of inspections that U.S. mass-output castings do. He saw no new inspection methods in the U.S. But expensive apparatus, like X-ray testers, is a lot more common than in Britain, he says.

• **Training**—Apprentice training is another field where Hardy thinks the British have a jump on us. In Britain, an apprentice foundryman will start at about 15. He will go to a trade school one day a week while on the job. At the end of a year his progress will be reviewed, perhaps his job shifted. Reviews come every six months thereafter. Hardy feels that this turns out more versatile foundrymen than the rather hit-or-miss training schemes here.

Hardy found one big exception in the foundry training program he saw. That was at the Ford Motor Co. Ford has what Hardy considers the finest training program he has ever seen.

• **Luxury**—One thing in the U.S. impressed Hardy and his colleagues perhaps even more than anything they saw in the foundries—the shop windows. As far as their \$12-a-day living allowances would let them, they bought food and clothing—especially "nice things, like curtains and underwear, for the wife and daughter."

The average Briton, Hardy feels, wants things like these far more than he wants new foundry equipment. "It's disgusting," he says, "just plain disgusting, how hard people have to work and the few comforts they get."

ECA'S LEDGER

U.S. banks, in their first year of work with ECA, handled \$1.6-billion in letters of commitment.

Chase National Bank, New York, got the biggest share: \$257-million. National City Bank of New York was second with \$173-million. Six other banks, five of them in New York, topped the \$100-million mark. The Bank of America, San Francisco, was

the only bank outside New York to get a large amount of ECA business.

Other Developments

Counterpart funds: Italy. ECA took another step in its fight against unemployment by approving six more land-reclamation projects in southern Italy. Some 2-billion lire (roughly \$45-million) from Italy's counterpart fund will be used for irrigation, flood control, swamp drainage, and road construction in an area covering "millions" of acres. More than 5,800 jobs will be created.

Counterpart funds: France. Another 25-billion francs (about \$80-million) from the French counterpart fund has been released for the month of May. The money will go for electric power plants, coal and coke installations, railroad development. So far 190-billion francs (about \$600-million) have been released from the French counterpart fund.

Technical assistance. ECA has sent two U. S. scientists to tackle two of the biggest obstacles to developing colonial Africa—malaria and sleeping sickness.

Dr. Frederick J. Brady, of the U. S. Public Health Service, and Dr. Harry H. Stage, of the Agriculture Dept., will spend three weeks in Africa studying ways of controlling the malaria-bearing mosquito and the tsetse fly. They will report to the British government.

Information. ECA now has lists available of all procurement agencies that buy in the U. S. outside of normal trade channels. If you want to know who buys coal for Austria, for instance, or tinplate for Belgium, or animal feeds for Denmark, write: Information Division, Room 400, Economic Cooperation Administration, 800 Connecticut Ave., N. W., Washington, D. C.

Advancements. John E. Gross, formerly labor adviser to ECA's mission to Norway, has been moved up to chief of mission. He replaces A. E. Staley, who is returning to his job as president of the A. E. Staley Mfg. Co., Decatur, Ill. Gross is a member of the International Association of Machinists; he is the first labor representative to get this far up ECA's diplomatic ladder.

Productivity. Four study groups from Norway will arrive this month—one each to study manganese production and mining methods, two to study steel-making. Soon two groups will arrive to look at U. S. pulp and paper mills.

Austria. Mesta Machine Co., Continental Foundry & Machine Co., both of Pittsburgh, and Westinghouse have signed contracts to build an ECA-financed slabbing and blooming mill and a hot-strip mill in Linz, Austria.

Together the mills will cost \$10.7-million—\$1.2-million of which ECA has already allotted. The first allotment is to be spent before Jun. 30.

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Will the Purse Strings be Tightened?

Once again Congress has done the impossible. This time it has moved in opposite directions simultaneously while traveling on the fiscal highway.

Republicans in the Senate spearheaded the first move—a vote to cut at least 5% off proposed spending by the Dept. of Labor and the Federal Security Agency during the next fiscal year.

Next, Congress failed to meet its own deadline for submitting a "legislative budget." That budget is supposed to set a ceiling on all expenditures and provide a pattern by which Congress can trim appropriations.

The first action is a laudatory one. Of course, savings resulting from a small trim in the spending by a single department and agency are not estimated to be much more than \$15-million. But if the same procedure is followed with all other appropriation bills this session, the savings might reach \$2-billion.

The Republicans used good strategy to start its campaign to cut all money bills. This is how it worked: The Labor-Federal Security measure was the first appropriation bill to reach the Senate floor. Republican senators started off by proposing an amendment directing the heads of the agencies themselves to cut their appropriations by not less than 5% nor more than 20%. This proposal was voted down on the grounds that it constituted "legislation" which is not supposed to appear in appropriation bills. Then Sen. Taft moved that the entire bill be sent back to the Appropriations Committee with instructions to do one of two things: (1) include the amendment, or (2) carry out its objective in

any other way. Eight Democrats joined with the Republicans to recommit the bill. It was evident quite early that several Democrats were as eager as the Republicans to get appropriations reduced.

This is why Congress's default on its obligations to make advance estimates of government spending is so disappointing. The default shows the difficulty usually encountered in trying to lower government spending.

Chairman McKellar of the Senate Appropriations Committee said the legislative budget "has been largely a guess in the past, and that is what it is now." The legislative-budget idea—once hailed as the greatest fiscal reform in congressional history—is about to be junked.

What will take its place? It seems to us that an answer is at hand: Direct action on individual appropriation bills is one sure way to slash funds. It can be a palatable idea, too. Members of Congress know that they can protect themselves politically if they only vote percentage reductions in departmental appropriations. That is less likely to alienate some voters than trying to cut down specific expense items in those appropriations.

Everyone knows that some economy in government is needed if we are to avoid further tax increases or heavy deficit financing. Businessmen know it best of all.

They therefore should be the first to encourage their representatives in Congress to keep driving for cuts in recommended appropriations. Their pleas will be directed at the right target in Washington, too. After all, it is Congress that holds the purse strings—not the Administration, which is still intent on lavish spending.

The Next Generation of Corporation Executives

Almost every issue of *BUSINESS WEEK* since the war has carried an article about, or a reference to, a new company president. Offhand, the turnover in top management seems to be terrific. And younger men as chief executives seem to be everywhere.

But a new survey indicates that the executive field is still largely filled with older men. In fact, the research and counseling firm of Booz, Allen & Hamilton found out that executive staffs of corporations now average seven years older than two decades ago.

An upward age trend was evident in 80% of the companies surveyed. Results of the survey gave the following as average executive ages:

	1929	1949
Corporation presidents	53	59
Senior officers (including presidents)....	48	55
All officers (excluding board chairman)...	47	54
Junior officers	46	52

Booz, Allen & Hamilton studied these figures and came up first with this conclusion: "Replacements will have to be made in the next five to ten years at a more rapid

rate than has been the case in the past." Retirement plans will cause more retirements than ever before, while the physical strain on older men will also take a toll.

The survey results underline the importance of executive development. Each company with executives as old or older than the survey average should be preparing now for the time when replacements must be made. That preparation calls for several steps.

First of all, the management-organization plan should be studied. Then the entire executive personnel should be audited. Decisions can be made on the combined study and audit as to the upward moves to be made in the future. The question of procurement of outside personnel may arise if there are not enough high-caliber replacements within the company.

Companies heavily staffed with men above the average age will have to face the problem soon. Even those with younger-than-average men cannot avoid the problem forever. Those that plan the earliest and hardest will have the standout leaders in the next generation of executives.

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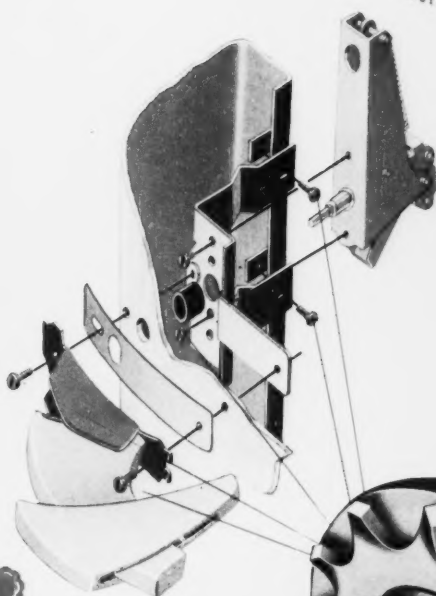
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